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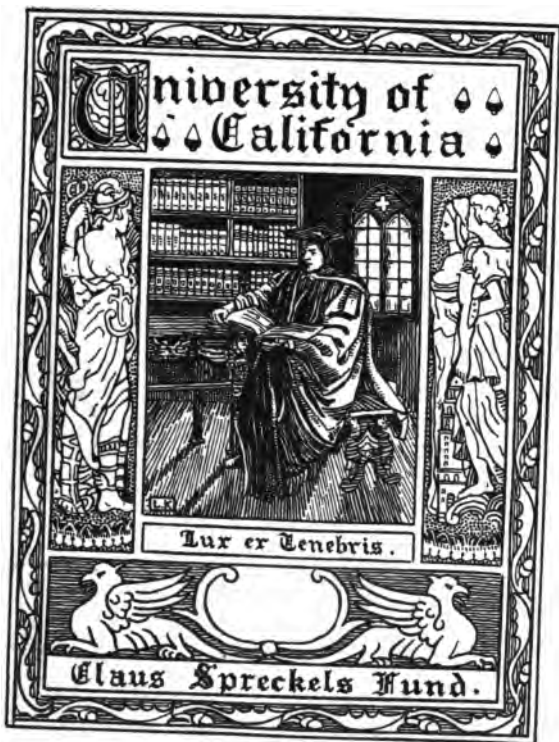
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*The* GOSPEL *of* GREED  
or  
Spirit of Commercialism



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# The Gospel of Greed

SPIRIT OF COMMERCIALISM  
THE VITAL CONTROLLING FORCE  
IN HUMAN AFFAIRS

Results in Progress for Humanity  
Individualism vs. Socialism



By CHARLES H. McDERMOTT

1908

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## INTRODUCTION

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Air castles are charming and a fool's paradise is pleasurable for those who like to indulge the imagination. But ordinary human beings must face the cold stern realities of life as it is lived, and make the best of the conditions as they are. Flights of fancy are entertaining while facts are too often dull and disagreeable. And yet facts and truth must stand. They cannot be evaded or ignored. Results must follow from causes with the certainty of fate, and error is error no matter how attractive it may be made to appear.

In the views herewith presented no effort is made to please or favor any individual or classes, but simply to give the facts as known to all, and to reason in a plain, common-sense way that all can understand as to what has been done, what can be done, and what is likely to be done with changed and changing conditions.

There are limitations as well as possibilities for human beings. The idealists and the imaginative ones serve a useful purpose in the natural order or they would not exist. Sometimes they get hold of fragmentary truths that may lead to wider knowledge for practical uses. But common sense is the ruling force that must decide as to the results, though it may be puzzled a little by the peculiar reasoning methods with which some of the ideas are presented.

It may be assumed that the common sense of humanity wants the best conditions of existence for



all, and as a basis for reasoning or deciding as to general policies to be adopted it will prefer the known to the unknowable or facts rather than theories. We cannot all be poets or philosophers, great artists or musicians, literary geniuses or learned professors, any more than we can all be merchant princes, captains of industry or domineering plutocrats. All have been developed in their own way as part of the whole, and must be considered as fulfilling their missions in the sense that there is a reason for their existence. So why try to unduly exalt or seek to destroy any? Then who could be wise enough to decide with fairness as to which should be sacrificed?

But all in the varying conditions must live, and all want their share of the good things of life that are embraced in the term of wealth production. Why, then, should not a little attention be given to the facts of this wealth production and the work of the real producers of wealth who supply all the benefits that the others enjoy?

Nothing is presented herewith in the way of a New Dispensation for overturning the existing order or for bringing about idyllic conditions. Some of us who are older than we used to be have memories of grand ideas of reforms that we advocated with youthful enthusiasm, but which experience proved to be sadly disappointing if not utterly foolish. With such memories, possibly we should be more tolerant for other enthusiasts, but knowing the results, something must be excused for sarcastic expressions concerning the ideas or blunders of the younger ones who may mean well but don't know.

Experience can realize the evils that must follow from unwise measures, no matter how honestly they may be advocated as reforms, and it is better for all concerned to point out the mistakes in a positive way and even with the forcible expressions of the style that the agitators make such free use in their attacks and condemnations.

While nothing like a full discussion can be attempted in this connection, yet the brief outline presented will serve as a basis for reasoning any further details needed to convince common sense as to the overwhelming importance of this feature of wealth production and the means by which it is and must be accomplished.

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*To the honor and glory of the Spirit of Commercialism, with its impelling force of greed for gain, which, with all its faults, has given everything known in human progress from the lowest savagery to the highest ethical culture, and to the confusion of the envious passions or the conceited ignorance that would ruthlessly destroy it all, these pages are dedicated.*



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## CHAPTER I.

### THE DESIRE FOR CHANGE.

**Reforms and Reformers—How They Must be Considered for Practical Results—Elementary Principles That Must Govern.**

If the question is asked: "Are you entirely satisfied with present conditions?" few human beings would answer "Yes."

No matter what walk or condition of life, there is always something lacking and some desires are not gratified.

But if there is such general dissatisfaction, is it not evidence that the existing systems in business, industry and the social order are all wrong, and that there is a pressing need for radical changes that lead to something better?

If the question "Do you want a change?" was submitted to the people, there would be an overwhelming "Yes" vote. The next question would be: "What change do you want?" and then would come the array of all the conflicting interests, each seeking some change for its own advantage, and there would be a chaos of counselling.

There are always so many defects and positive evils to be pointed out that the man who proposes a policy of reform is sure of an enthusiastic following. But older men, as well as some who are still considered youthful, know from experience that there must always be a wide difference between the reforms

as promised and the practical results accomplished. So when honest enthusiasts or men with sordid motives promise the grand results, it is only ordinary prudence to ask for details or explanations to show how the proposed plans will work out in a practical way.

Here it may be well to note the wide difference between what is known as the moral law and the natural laws having to do with the action of the natural forces. For example, water will drown and fire will burn. Positive results will follow from the action of chemical elements, and gravitation is always acting. These forces will work destruction if not controlled.

The moral law regards the motives or intention of the individual action. When a man takes the life of another, he is judged according to the intention. The killer is not held guilty in case of an accident, but the killed is as surely dead as if the killer had deliberately planned it. Death is the result, and the act of the killer is the cause from which it follows.

In economics and in human affairs generally there are certain well-defined principles or policies which in action will bring about positive results as surely as death follows the action of the killer. It is not enough, therefore, to know that the individual proposing or advocating a particular policy is honest, high-minded and philanthropic, or quite the opposite, in order to decide for or against the proposed measure. The results will be exactly the same. There will be the benefit or the injury no matter what was the intention.

History is full of examples of the disastrous results

from actions of weak-minded, though thoroughly honest and conscientious men in authority, while on the contrary, excellent results have often come from policies dictated by sordid, selfish or even criminal motives. There is the wisdom of experience in the old party slogan of "Measures, not men." The measures bring the results. There may be cases where the character of the men must be considered, but when it is clearly a question of deciding between different or opposing measures, the personality of the individuals to be chosen as agents is of less account. The measures themselves must be judged by the best light that can be obtained from the lamp of experience. Present evils may be objectionable, but proposed measures for remedy may bring far worse conditions.

Another point to be remembered in discussing proposed measures or changes is that in all social movements, as in the physical world, there are found opposing forces or conditions and a result in one direction can be gained only by sacrificing something of the opposite. The trotting-horse cannot pull a load, and the draught-horse cannot be a fast trotter. A trotting-buggy cannot carry a load of steel rails and an ice wagon is not suitable for speeding on a race-track. For strength and solidity there must be a sacrifice of lightness and grace. The fast-sailing yacht is not a good cargo-carrier, and so on without end. We can develop in either direction, but cannot have the opposite characteristics combined in one form. All this is self-evident and commonplace enough, but the principle is usually ignored by the enthusiastic advocates of measures or policies, who point to the promised



results in one direction without considering the changes that must be involved in the other. Restrictive laws mean loss of individual freedom, while lax laws fail to give proper protection. Laws may be wise and just, but at some point they will bear hard on some individuals. Police regulations are necessary and desirable for suppressing midnight marauders, but the belated, honest citizen often finds the regulations decidedly troublesome and unpleasant.

Political economy is not considered as entertaining reading. Many feel in duty bound to make some effort to get a knowledge of the principles as affecting political questions, but soon find that the authorities differ widely. Volumes and volumes have been written setting forth ideas on the relation between causes and effects in human affairs with particular reference to business and industrial development. Any number of systems or alleged principles have been presented with logical reasoning or impassioned invective, but somehow few seem to explain satisfactorily the results as proved by experience. Many start out with theories of their own and argue to prove how much better their proposed systems would be, if adopted, than the existing order. They scorn the slow progress of development and want revolutionary changes at once. Others indulge in general fault-finding without definite plans for changes.

One reason for these differences is that in human affairs there is usually to be found a combination of causes working together, and it is not easy, if possible, to figure out as to which cause will prove the more powerful or dominating in affecting the result.

Then the would-be authorities aim too much at fixed rules after the manner of the scientific formulas of the chemist or the equations of the civil engineer dealing with mechanical movements and natural forces. These can always be exact and precise, because there are no variations in the relations of cause and effect. But there can be no such certainty in human affairs, and hence political economy can never properly be classed as an exact science.

We cannot as yet foretell weather conditions with certainty. "The wind bloweth whither it listeth," and it may take the character of a zephyr or a hurricane. But much has been learned of the action of the air in motion, and the effect of the force developed by different velocities can be accurately measured. So, if we cannot formulate exact rules for economic or social action, there can be certain general principles evolved which will give some broad rules of cause and effect, and indicate results with reasonable certainty. The builders of a wall or structure must figure on the power of resistance to the wind-forces likely to be exerted. The proposed measures for human improvement, socially or industrially, must allow for public sentiment ranging all the way from indifference to strong opposition, and up to passionate outbursts of violence against the measures. The opposition or violence may be misdirected, and the measure may be one that will prove of absolute benefit, but none the less, it must be presented in such a way that it will withstand the force of hostile sentiment which may oppose it.

Laws and customs that give excellent results in some localities would be intolerable in other places.

Then time brings changes, and laws and customs must change accordingly. Alexander Hamilton was wise in his day and generation when he said:

“The government that is good for one country may be very bad for another; for government should fit a people as clothes do a man. What is appropriate in Boston may be unsuitable in London, laughable in Paris, and ridiculous in St. Petersburg.”

It may be concluded, therefore, that any philosophic reasonings or theories on social matters which omit a due consideration of the human element are more than likely to be proved radically wrong by experience.

## CHAPTER II.

### GREED FOR GAIN.

**The Great Controlling Force in Human Affairs—Always Acting and Always a Factor to be Considered—Varying Characteristics and Results—Why the Term Is Used.**

*The obstacle to navigation is the resistance of the water, and navigation is made possible by the resistance of the water.*

Paddles would be useless, and the keel and rudder would not act without the resistance of the water through which the vessel is forced.

*The cause for most of the evils that afflict humanity is human greed, and the force that constantly works for all material improvement and benefit for humanity is human greed.*

Man's inhumanity to man  
Makes countless thousands mourn.

*Burns.*

Who will attempt to measure the miseries, sufferings and destruction from human greed? How it brutalizes, and how all the nobler sentiments are stifled. How the victims are tortured and crushed! Practically all the history of crimes and criminals in all ages, from the highest to the lowest, is a record of the working of greed. No flights of rhetoric can fitly characterize the evils from this cause or add to the common knowledge of the results.

And yet what is greed? Simply an intensified desire for possession which is universal in all human



beings, and second only to the instinctive animal impulse of self-preservation. Greed of savagery or childhood is oblivious to the rights of others, and grasps without question. With education and development, greed is modified into ordinary selfishness, and becomes a desire for better things or improved conditions. Then follows enlightened self-interest which recognizes obligations to others, and through the different phases of liberality to the other extreme of excessive sympathy or misplaced generosity which pauperizes the recipients, and works injuries hardly less than the exactions of sordid greed.

The sufferings of humanity from the evils of greed are usually more in evidence than the benefits that come from the desire for better conditions. Sympathetic reformers in all ages have denounced greed and made heroic struggles and sacrifices for the purpose of bringing about changes for the better. But the same old greed remains and continues as the controlling human factor that cannot be ignored, and which is always present like the static force of resistance of the water. The reformers themselves, to make real progress for their ideas, must organize and make it to the interest of some individuals to carry on the work for suitable compensation. Churches must be organized, and the work be supported, from the preacher down to the various assistants. Public charities must be managed on a business basis, with paid workers, in order to get the desired results. Greed is used as an offensive term, but the reformers and preachers do not hesitate to denounce the greed of commercialism and the money-getting spirit of greed, thus making it include all desire

for gain. The larger meaning may, therefore, be used in discussing the greater benefits which come to mankind from the same spirit of selfish desire for possession.

In its proper meaning, of course, there could be nothing but condemnation for the lower order of greed. This kind of greed grasps at trifles and is blind to the larger opportunities for more profits which would come from better service rendered. In some instances, however, this blind greed has hit upon devices and improvements that have proved of great value to the community. No matter how disagreeable or offensive the personality of the individual, his idea was none the less valuable, and to this extent he was a public benefactor far beyond the average reformer with his contribution of sympathetic tears.

Aside from the limited action of a few in private charity, every man who works for the public good expects reward in some form. Some are satisfied with the honors and the distinction with the power that comes to leaders, but the great majority want substantial rewards in wealth which will gratify their desires. Even religious teachers are not averse to enlarging their fields of usefulness by being called to larger congregations.

But is not such a view of greed in direct opposition to religious and moral teaching which holds that the love of money is the root of all evil, and condemns greed as soul-destroying?

Not necessarily, because the religious idea is right from its standpoint. Money-getting may develop avarice in the individual to such an extent as to deaden his moral perceptions and stunt intellectual growth.

Such evils, however, are more common in small dealings. The man who aims at large enterprises and large profits quickly learns the commercial meaning of the rule that honesty is the best policy. In modern business-dealings trickery soon brings its own punishment in the loss of patronage. The buying public soon learns to discriminate, and will go where best values and best service are assured by the regulations guaranteeing fair treatment to all.

So it follows that while there is the wide difference between sordid greed and enlightened self-interest yet the line cannot be clearly drawn between the two manifestations of the dominating passion of humanity. Furthermore there is no possible way of distinguishing in the results as affecting improvements for the public welfare, whether the action or policy was due to an excess of greed or the extreme of philanthropy on the part of the individual.

Hence the term greed may be used in a general sense for purposes of discussion, although such elasticity in the meaning is not in accordance with the strict rules of logic.

It follows also that any consideration of human affairs or human conditions must take into account the factor of greed which, while it may be modified, can never be eliminated from human beings. It is the controlling force always acting, and the problem of all government is as to how far the evils can be suppressed without also interfering with the larger and better results given to the public by the greed that is working for larger gains.

## CHAPTER III.

### FORMS OF GOVERNMENT.

**Scientific Reasoning and the Experience of Mankind do not Agree—Uncertainty of the Human Element—Industrial Progress from Freedom for the Individual.**

Political economy is sometimes defined as “the science of government.” But right at the outset the question comes up as to what is meant by government? The experience of mankind covers all imaginable forms of government from the absolute life-and-death sway of one autocratic despot through all the variations of consuls, triumvirates, councils of ten, senates, assemblies, monarchies or empires, confederations, republics, the wild anarchy of mob rule, and so on down to the primitive conditions of the individual freedom of savagery. The term government at any point along the line would necessarily apply only to the conditions there existing. The science of government for the absolute despot would mean measures and policies that could not possibly be considered in the case of the confederations, the republics or the primitive savage.

The science of government might be expected to determine with some degree of scientific accuracy, in the first place, as to which particular form of government was the best for mankind. But with all the wisdom and all the experience of the centuries and ages of human history nothing has been settled in a way that is conclusive. There have been oceans of argument



backed up by examples, but the human element upsets all the logic.

The American colonies in 1776 set up an ideal of popular government in the Declaration of Independence. A few years later the Red Revolution in France undertook to carry out the same ideas and adopted almost the same declarations. The philosopher or scientist would say that like causes must produce like effects and that the results in both cases would be substantially the same. But there was a difference in the human elements, and history tells of the widely different results. In one case there was the development of the principle of representative government, with senate and executive veto provided to restrain unwise action in accordance with unduly excited popular demand. There were further, constitutional limitations for legislative, executive and judiciary. The result was a well-organized government which endured to maintain its ideals.

The other case developed with the power of the General Assembly, and no restricting limitations. The result was mob rule in its wildest form, drenching the nation with blood until the anarchy was suppressed by the iron hand of Napoleon, who put an end to this disastrous experience of popular government.

The human element in France swings from the absolute monarchy of Louis the Magnificent to the Red Revolution, and back again to the dictatorship and Empire of Napoleon, then to the Citizen King, again to the Republic only to be followed by another Imperial Napoleon and again a constitutional and well-established Republic all in less than a hundred years.

Like changes in either direction are found in the history of other countries, though the movements may be more gradual and covering longer periods.

What can science do in the face of such records? Logical principles with clearly defined rules of cause and effect are all overturned and set at naught. In the evolution of the ages the best that can be summed up concerning the science of government as regarding the forms is expressed in Pope's "Essay on Man," when he says:

"For forms of government let fools contest  
What's best administered is best."

This is simply an expression of the truth that there is the human element in the rulers as well as the ruled, and that the actual net results must depend on the character and abilities of the individuals who happen to be in control as well as in the disposition of the people to accept the measures intended to promote their welfare.

In a theoretical way, if a scientific philosopher was called upon to decide as to the best form for human government he would reason logically in favor of an absolute despotism. But, he would add, with the BUT in big capitals, always provided that there was an intelligent and benevolent despot. This is the old-time idea of the "Lord's Anointed" as the best rulers. The logic is clear and certain. The object to be attained is public welfare. Existing evils are to be remedied and measures for improvement adopted. If either are wanted they are wanted without delay. Why should the public continue to suffer from evils

or forego the benefits any longer than is necessary to effect a change?

The despot can order the changes at once and get the desired results. Under any form of popular rule there must be the divided responsibility, the system of restrictions for the legislative machinery and the delay generally before the measure could be enacted into a law and put in force. Most of all, there is the enormous task of convincing the mass of the people or even a bare majority, as to the need of the changes proposed. But by the time all this has been accomplished the conditions may have entirely changed. The opportunities may have passed and the measures enacted may give reverse results.

Furthermore the despot could act quickly and effectively in promoting industries or rewarding inventors. He could decide all disputes and administer justice without the interminable delays of the proceedings and appeals, the new trials, with reversed decisions in the courts as constitutionally provided. The arguments which have so often been presented could be multiplied into a mountain of proof in favor of the scientific theory that despotism, or the rule of the "Lord's Anointed," is unquestionably the best form of government.

It is conceded that for primitive conditions despotism must prevail, because the strong will dominate the weak, and common defense is the first consideration. Chosen chiefs easily change to hereditary rulers, assuming more and more despotic powers, but at the same time, by the protection given, opening the way for industrial development, which is the basis for civili-

zation. As long as the despots can continue to be real leaders, their influence for promoting the good and suppressing the evil must give good results. With further progress, including more general intelligence, more varied conditions of industrial activity and more established social organization, the despots can have less influence as leaders. Their powers will then be used more for suppressing anything that threatens their control rather than for encouraging progressive measures for the subjects.

The scientific logic of the argument for despots is convincing until it is asked: whence and where are the despots who are fitted for the control with the more advanced conditions? They would require an intelligence, wisdom and benevolence away beyond anything ever manifested by ordinary human beings. With few exceptions, and these in a limited way, despotism as a form of government has proved to be a dismal failure for promoting the welfare of the people. The intelligent despots are so rare and the other kind so common, that the common sense of humanity with the knowledge from experience condemns despots and despotism, and hesitates at no sacrifice of blood and treasure in the fight to the death for the larger freedom of the individual. The slower, more cumbersome and less scientific methods of governing by representative legislative assemblies, with all the mistakes, blunders and possibilities for corruption, give better net results for the general welfare.

The tendency for the past hundred years has been to get away from the despotism which ruled for previous centuries, in the direction of more individual freedom.

Aside from the republics established, the monarchical powers generally have been obliged to concede more and more to the representative assemblies of the people who are being recognized as the ruling power.

The economic or industrial results from this change have been astonishing. With the larger freedom came the incentive for each to better his own condition by developing the brain power so long dormant under the repressive regulations of the paternal governments. The old despotisms had little encouragement for the dreamers or enthusiasts who talked of mechanism to work miracles. They were admonished like unruly children by the wisdom of their superiors.

Despotism exalted the rulers and the officials who carried out the orders, but repressed the common people who were expected to obey. Unofficial individuals who showed business ability for trading or manufacturing were regarded as more or less dangerous and likely to become conspirators. So they were always at the mercy of the officials who could easily invent charges or excuses for confiscating the wealth. So the industrial and business methods continued practically unchanged for centuries.

There was no lack of bright minds in former ages with both inventive and trading ability. The proof of this is found in the progress made and the fortunes accumulated in spite of all the repression and the unfavorable conditions. But the progress was slow because the individuals worked mostly by secret methods, and could not attempt much of anything in the way of co-operation. Trading or manufacturing was regarded as ignoble for the ruling classes who found it easier to plunder.

Through countless ages steaming vapors and clouds were offering their services to man for steam power, but they made no impression on his stolid gaze. So the lightning flashed its messages and thundered at the stupidity of human beings which refused the aid of its mighty powers. The despots, benevolent and otherwise, saw and heard but learned nothing and did nothing for their people, unless it was to suppress any visionary who might suggest that there was a possibility of using these great forces. It remained for individuals to make the studies and experiments, and find the ways for harnessing the great natural forces, thus giving the tremendous benefits to mankind, with some gain for themselves.

The younger generation cannot realize that the people of the world existed through all the centuries without steam or electricity in their various developments and applications, as well as without the machinery and mechanical devices for so many uses. They take all the modern conveniences as a matter of course, and see nothing but the defects in the details of the service. These things did not exist until men were free to work out their ideas for profit, and the same old greed was the stimulating force that brought the greater achievements. These were the prizes of wealth, power and influence for those who could produce the new values or give better service. So we have had the marvelous inventions, discoveries and improvements in all departments of industry until it may be said that in less than a century the face of the earth has been changed.

Here again the philosopher would say: Surely the

people without an exception must recognize the benefits of such remarkable changes, and surely they must give credit to the system that developed the wonderful improvements. But the human element has a perverse way of reasoning and acting. Defects are magnified to obscure larger general results. The common people today have more comforts than the dominating despots in former times could command. But all this is ignored and there are the impassioned invectives against the inequalities of the very poor and the very rich, flaunting luxury and suffering poverty, starvation in the midst of plenty, with oppression and injustice, the destructive trail of greed over all and the despair of reformers.

Much more of the same kind might be quoted, all going to show that the larger freedom for the leaders who accumulate the fortunes is carried too far, and then come the questions: Why should not all share in the progress? Why should the few be allowed to dominate and practically enslave the masses? Why should there not be a fairer division? Why let greed run riot? There are innumerable other whys, usually ending with: Why not have public or government control or ownership to do away with all these evils?

Why not have government take possession of the public utilities so-called, at first, and gradually extend this control to the leading industries supplying the necessities, and finally to an ideal system of socialism for all?

## CHAPTER IV.

### THEORIES AND PROMISES OF SOCIALISM.

**Authority for the Rulers and the Ruled—The Kind of Equality that Must be Enforced with Despotic Power—The Extreme of Tyrannical Control.**

There is much that is attractive in the ideas and theories of socialism as usually presented. What could be finer than the pictures of all working in harmony for the common good, with no domination of grasping greed and no haunting fears of want or starvation? The government would control everything and supply all wants, so that all would be happy and free from care. All is charming enough until some rude questioner bluntly asks: "Who or what is this government that will do these wonderful things? What are to be its powers or functions, and how will it act?"

Then the vision fades, for it must be admitted that the government, after all, can be nothing more than human beings who will be in control. Government ownership in any form must mean more arbitrary power for the individuals who happen to be in authority. The more government control is extended, the greater must be the powers of the rulers, and the more the individuals must submit. No system of government control can be imagined without the full power to enforce its regulations. There could be no semblance of justice in having part of the people submitting and industriously working for the common good while another portion would claim the right to



work or not as they saw fit. The individuals in authority would be obliged to enforce the rigid rule of no work,—no eat, no house, no clothes, even if coercion was not applied. The bread must be earned by the sweat of the brow, just the same as ever, and in every case the exact amount of sweat that would call for a given amount of bread from the common supply must be determined by the very human individuals in charge. From these decisions there could be no appeal.

No matter how it may be sugar-coated or disguised, government control up to the limits of the wildest socialistic theories, at every point implies the absolute power of the individuals in authority to enforce their regulations with punishments or death penalty for those who refuse to submit.

The socialists, or government ownership advocates, make light of this coercive feature by arguing that the benefits from their system would be so inestimable that all intelligent human beings would cooperate to the best of their ability without the need of any coercion. But it cannot be doubted that a very large portion of human beings would not be controlled by intelligent reasoning. The socialists themselves, from their point of view, rail at the stupidity of the great majority who submit to wage slavery and all the other crushing evils which could be so easily and completely remedied according to the socialist theories. The socialist agitators from first to last continue to explain how the greedy tyrants must be suppressed and the victims liberated, etc., and all by force, because persuasion could have no effect. They say: "Force;

certainly force, to right the wrongs and bring the robbers to justice. Why not? When socialism triumphs you will see."

Without considering anything about the alleged rights or wrongs, it can be asked, How will this force be applied?

The answer must be that there will be a thoroughly organized government with officials to enforce the regulations. Assume that these officials, no matter how chosen, will be away above the average of human beings, so that they would not misuse their vast powers or be influenced by selfish motives, there would remain an endless amount of differences of opinion as to the work to be done and who should do it. Humanity must have food, shelter and raiment, and these necessities can be furnished only by arduous labor. It cannot be imagined that the wage slaves of the present system, when liberated by the triumph of socialism, would all of their own accord distribute themselves into working groups to provide for all the various and varying desires of humanity. There must be intelligent direction and system or all would be chaos.

For any possible system of using force for control, there must be an organization with power to act, and this organization must have a head with authority to command. Some individual human being with some kind of a title must be chosen in some way to exercise this absolute, supreme authority for directing the assignment of every other individual to his proper place in the system, and arranging the plans of rewards or punishments according to the work done

or undone by each. Assemblies may make laws and regulations, but there must be the executive head and subordinates to put them in force.

As a test, therefore, of the sincerity or reasonableness of the socialistic theorizing, ask any individual socialist, high or low, to name any human being (aside from himself, of course,) now living or who ever did live on earth, whom he would vote for to hold this position of supreme, absolute ruler of a grand, world-wide socialistic despotism, or for the ruler of a nation or even a single city?

The great reforms promised are in the line of individual freedom and an approximate to an equality for all. This is to get rid of the tyranny of the capitalistic employers who enslave the workers and rob them of their productions.

How would these objects be attained?

We have examples of government control in some lines, like postal service, army and navy, penal institutions and employes in various governmental departments. Are these workers free to come and go, to work or not to work as they chose, or must they be on hand at regular hours and be subject to discipline? Are the employes of the postal service any better off in pay, or chances for advancement, or even tenure of office or holding their jobs, than the employes of express companies under capitalistic control? Then, where is there any suggestion of equality for all in any branch of public service?

As a partial answer it is urged that present conditions are not socialism. There is no community of interest and favoritism prevails all through the service. Real socialism would do better.

But how? There must be substantially the same outfit of officials or bosses under some titles, and some must be common workers. It would be rank favoritism for some to be given the more desirable occupations while others were kept at the disagreeable work. Hence it would be necessary as the only alternative, to make details after the manner of drawing names for jury service, or a better example would be the routine of camp work in the army, where all the common soldiers must take their turns in the squads detailed each day for the different requirements. One of the allurements of socialism is the promise that the idle rich will be forced (always the force) to do their share of hard work the same as other laborers. But suppose that these same idle rich happened to get the positions of government officials, where would be the gain for the common workers?

It has been said of Cuba and some others of the southern countries that the popular idea of liberty and freedom was holding a public office, and that it was galling tyranny and usurpation when others held the offices. While this is something of an exaggeration, yet it illustrates the human nature of much of the socialistic ideas of opposition to the present forms of government, which provide by constitutions and laws for the largest liberty of the individual consistent with obligations to the social order and for the restriction of official domination.

The socialist propaganda starts out with a professed intention of giving still more liberties to the individuals and relieving them from oppressive wage slavery and other evils. To accomplish this, a sys-

tem is proposed which coming around the circle meets the other extreme of absolute despotism, with the chance of getting a benevolent despot intelligent enough to rule for the greatest good of all his subjects. The names may be different, but the things are the same. The only difference is that the socialistic theories, in so far as they advocate government control of leading industries, place powers in the hands of autocratic rulers a thousand-fold more despotic and absolute than was ever known or attempted by any dictator or despot in all human history.

Take one little sample of the socialistic promises and reasoning recently published in a New York paper, from a national organizer of the Socialist party in the United States, who says:

"People ask what will happen under socialism. I cannot guess, but one thing will happen. Every child will be given an education until he is twenty-one, so that all may start equal. Then a living will be guaranteed every man. No, there will be no law, making a man work, but there will be no law forcing him to eat either, so it comes to the same thing. When he is old the government will see to it that he has a competence to keep him, and the poorhouse will go out of business."

Note here the alluring promises that it is cruel to question, but what do they mean? No law to compel a man to work and no law to compel him to eat. That is to say, no work, no bread ticket; but no compulsion, oh no!

Then the government guarantees an education to every child, a living to every man and a competence to the old. Who will decide on all these matters, and where will the necessities come from to provide for the guarantees? There must be some big sup-

plies accumulated, all ready to be served out, and such supplies must come from the products of the workers who produce all the wealth, as claimed. The whole force of officials must also be provided for in handsome style, of course, as befitting their superior wisdom. Hence the bread ticket compensation must be cut down to a fraction of the value that labor produces, and the government must take all the products.

But this is exactly what is now being done by the existing system, and this taking of wealth that labor is said to create is the basis of the socialistic demand for a change. As far as the workers are concerned, the change must mean more robbery. The capitalistic robbers who now take a share of the product are taxed for schools and poorhouses, but a much larger share would be needed for the mysterious government that would do so much better for the young, and provide a competence for the old so much better than the poorhouses that would go out of existence.

How much there is in a name. If there is an objection to the long ears of a jackass, just pass a law changing his name to horse, and as a horse, of course his ears must presumably be shortened. There is the problem, also, of the snake swallowing his own tail and continuing the swallowing until nothing remains. These are simple propositions in comparison to the socialistic promises of freedom from wage slavery for the workers and full value of the product for labor, while at the same time providing for government taskmasters to dole out the bread ticket compensation and take over the entire production of

the workers to be used at the discretion of the officials in making good some of the grand results as promised.

It is easy to imagine how this particular socialistic authority fairly gloats over the idea that some day, with the triumph of socialism, he may be in the position of official taskmaster in charge of a squad of ex-millionaires reduced to the ranks of common workers. How he would enjoy cutting down their bread-ticket compensation and sending them, with the worst patched uniforms, to the poorest sleeping-bunks, by an arbitrary decision to the effect that it was more than they had earned. What he does not consider is the chance that he might be in the ranks, wearing his numbered tag, and at the mercy of some other cranky official in command, whose whims would be the law that must be obeyed.

The force for maintaining discipline and order, as well as for protecting the supply depots and guarding the exalted rulers, must be military, of course. So the cold fact of socialism is the extreme of military despotism with its whips, bayonets and summary executions.

This is a feature of socialism that is never exploited or explained as one of the ideal charms. From the standpoint of the officials, the enforced equality might have its attractiveness, but for the majority in the ranks who must obey the orders or suffer the penalties, the system would have a less pleasing aspect.

It is unnecessary to go into details of the various socialistic theories as they are worked out by the assumed authorities, because each has his own ideals

as to what should be done, and no one would consent to submit to the direction of any of the others. Each has a firm fanatical belief in his own wisdom and his own destiny. Can any one listen to a socialistic orator, with his tirades of vituperation against capitalistic greed, the money devil and the existing social order generally, and have any doubt remaining as to the autocratic authority he would assume if placed in power? Then with such power, what would be in store for those who differed with him or criticized his actions, or who attempted to organize opposition to vote him out of office? Where would they go for food, clothing and shelter?

While it must be evident that socialistic theories call for the extreme of autocratic authority on the part of the individuals who happen to get the control, yet it might be argued that the form or system of government is of less importance provided it gives the results. Call it autocracy, despotism, communism, anarchy or anything you please, the essential question is: Will it improve human conditions and do away with human misery or not? If the larger freedom for the individual has intensified the action of the baser human passions so that unrestricted greed works more misery than autocratic absolutism, then some phase of the latter is to be preferred in spite of the objectionable name.

Of course the important consideration would be, as previously explained, the chances of getting the intelligent and benevolent despots. But assume that the mere profession of socialism would transform or regenerate the chosen officials under the new system



so that the baser passions would all be eliminated from their natures, and that they would stand for the highest type of philanthropic love for their fellow-man. Suppose, also, that they would become inspired, so to speak, with a higher than human wisdom for regulating affairs, how would the theories work out in the economic results for promoting public welfare?

Anything like a full discussion would cover a wide range of human affairs, and could not be attempted in this connection, but some of the fundamental principles may be given and the facts and conditions outlined, which will aid materially in reasoning out the correct conclusions.

## CHAPTER V.

### PROGRESS OF CIVILIZATION.

**Not Evolutionary or Constant, but always the Work of Individuals with Superior Abilities—Rise and Fall of Nations—No General or Spontaneous Movement Possible but Co-operation with Leaders is Necessary.**

Any candid inquiry as to the present human conditions would bring out an overwhelming mass of evidence showing how the conditions have been improved from the primitive savagery, with all the hardships and sufferings of the struggle for existence, up through all the stages to the present knowledge and control of the forces of nature which give the results as we have them.

Did this progress or these results come spontaneously, like the growth of vegetation, and were all human beings affected in the same way or not?

Well, come to think of it, the results are not the same. In fact, there can be found at the present day, somewhere on earth, and often almost side by side, all the different stages of what is termed civilization, from the lowest primitive savagery of the animal type up to the highest development of human intelligence, with all the comforts and luxuries that the widest knowledge provides. Not only do the different material conditions exist, but there can also be found somewhere about every form or system of government that could be imagined, and some of which modern reformers put forth as inspired revela-

tions from their own brains. It is needless to specify as to these facts. Take a map of the world and read the current reports from "Greenland's icy mountains to India's coral strand." Why these astonishing differences, if all men are created equal, and civilization is an impersonal evolution?

The Omnipotent Power which created the universe and the world with all that it contains may have blundered by not creating all men physically and mentally equal, but the inequalities have always existed and will continue to the end of time in spite of all that the superior wisdom of would-be reformers can suggest to the contrary. Neither is there any evidence of fact in human experience or human history to warrant the notion that civilization is an evolution ascending to some fixed law, analogous to the theory of evolution in the animal or vegetable kingdoms. If history proves anything, it proves that civilization is not a continuous progress, because what is history but a record of nations and people that have risen, flourished, decayed and disappeared? Then who can venture a suggestion as to the pre-historic civilization as evidenced by the time-defying ruins in Egypt, Central Africa, India and the Far East, Mexico and South America? Our nation, with its century of progress is but an infant compared with older civilizations that flourished for ages and were blotted out, leaving only the ruins to cause wonder at the knowledge of mechanical forces which enabled the builders to erect the structures.

What then is the mystery of civilization, or how explain the progress and decay at different times and places?

There is only one rational and adequate explanation, and that is that all progress for humanity, materially, socially or morally is due absolutely to the work of individuals who are created with superior abilities, and who, whatever may be their motives or intentions, introduce plans or methods which bring positive results. Spontaneous evolution of human intelligence or human knowledge is unthinkable and impossible, because each human being must acquire knowledge for himself, and unless there are some who have superior powers of observation or reasoning there can be no advance beyond what is previously known by the teachers. There is, of course, the knowledge accumulated from experience and handed down by the teachers, which appears like an evolutionary growth, but none the less, every addition at every stage to this knowledge must come from individuals in some way superior to their fellows.

The first glimmering of progress towards a higher civilization comes with the idea of co-operation. The individual savage feels the need of protection and joins with others for this purpose. This develops the tribal system for government. In an industrial way he looks on a fallen tree which is beyond his power to move. He calls assistance and the tree rolled to the water enables him to float. This is the limit of progress until some bright individual gets the idea that the branches can be trimmed off, and a portion burned out with red-hot stones to make a canoe. So this one works for days or weeks at the canoe because he reasons that others will want to use it and will gladly trade him something of value for its use.

Another bright individual hits upon the idea of a bow and arrow for killing animals as an improvement over the clubs and stones, and the others are willing to give him a share of the game for the use of his bows and arrows. Still another bright individual suggests the idea of a wigwam or tent of skins, which can be moved from place to place and is a great improvement over the previous cave dwellings, and he expects pay for his tents. Another finds that certain vegetation can be cultivated for food, or certain animals domesticated. So on through all the various lines the conditions are improved step by step, always provided that the bright ones suggesting the changes are rewarded and encouraged instead of being suppressed.

Some one first suggested the method of tanning the skins of animals for clothing. Some one suggested the idea that trees could be cut down. Another thought out a way for cutting the tree into slabs or boards. Some one produced an axe, and later some one devised a saw. These ideas made building of houses possible. Some one first smelted iron ore and some one first tempered steel for tools. Some one first made discoveries in producing and using other minerals. Some one first quarried stone, and some one first made brick. Some one first introduced the lever and the pulley block for multiplying power. Some one first made a boat, and some one first hoisted a sail on a pole. Some one first got the idea of a keel and rudder for the boat, which opened the seas for navigation. Some one first stored a supply of food or other articles in addition to his own wants, which he held to supply the wants of others, and some one first loaded a cargo

for trading in distant lands, which was the origin of merchandising and commerce.

So we might go on with the endless enumeration of the ideas originated and the improvements that followed along, each one adding something of importance which was recognized as valuable and adopted. The grand combination of all the ideas with co-operation gives the results in our highest industrial developments. The changes do not come spontaneously or regularly. Some industries run for long intervals, even to centuries, with the same methods and routine until the individual appears whose ideas are adopted for better results with radical changes. At the same time, as corroborating evidence, note well the fact that where knowledge of these ideas is lacking or where co-operation fails to make use of them we find the varying degrees of backward civilization now existing down to the primitive savagery of the conditions in darkest Africa.

If one tribe encourages its bright minds it is soon able to dominate over other tribes, and if governing leaders are developed at the same time it will soon be classed as a nation. Ultimately with the leadership of an Alexander or a Cæsar it may dominate over the known world.

But note on the other hand, that with the death of the Alexander or the Cæsar there is no inherent power or ability in the mass of the people to hold the control they won. The soldiers are equally brave in fighting the battles, but the results in victories or defeats depend on the generals who plan and lead.

The arguments or examples in this line could be

multiplied indefinitely, and on the other hand a concerted movement by a common impulse for any purpose by any considerable number of human beings is beyond the range of possibility.

It may be stated therefore as a fundamental principle of political economy that

**All progress for humanity or all improvements in human conditions must come first, from the initiative of some individuals, and the development or progress depends, secondly, on the support or co-operation given to the individuals by the others who would benefit from the same.**

This principle holds good in all forms of industry as well as in the purely political details of government, and yet it is practically ignored by most writers who aim to make a philosophic study of human affairs. The history of any nation or people is a detail of what was done by their leaders either for success or failure. Of course, the leaders could accomplish nothing without the co-operation of the people as a whole, but if the same people make dismal failures with poor leaders are not the successes due primarily and absolutely to the ability of the leaders?

But why all this emphasis on individualism in the changes? All evolution in the natural order comes through the individual variations or changes. Evolution is simply the progress of the changes, and why not refer in the same way to the progress of an industry?

But there is a wide difference when it comes to human affairs, because with every change in industrial methods there must be the idea of additional profits

involved. No profit, no change—is the inflexible rule. No man will go to the trouble and expense of working out a new idea unless he believes that his idea will be adopted and paid for. In other words, it comes back to the same old greed for gain which is the incentive for all the changes and improvements from the first to the last.

It is common enough to speak of the growth of an industry or the progress of an industry in a particular locality, and in a general way it is assumed that this progress comes of its own accord or from some natural force or from the environment. But a moment's thought will make it clear that the growth or progress is wholly the work of individual concerns which happened to locate in the place. In a minor way they may help each other, giving some considerable advantage, but in a larger way the progress is due entirely to the individuals. If there is any doubt on this point the proof is found in the number of failures, notwithstanding any assumed or actual advantages of location. With the evolutionary theory there could be no failures, because all would be affected alike and all make substantially the same progress.

General conditions favor or limit the growth of industries, it is true, and when the conditions warrant there is the increase; so why split hairs about the term evolution?

Because in any consideration of causes or of measures affecting an industry for good or bad the ideas of the individuals and their chances for profit must be taken into account. With the workers or wage-earners the rule is: no pay, no work; and from the fact



that factory establishments are in operation it does not follow that they will continue to run without the incentive of profit. An improvement introduced in one establishment is quickly adopted by the others, and this change has the appearance of an evolution, but the improvement came from some individual and not from any general influence affecting the whole industry. Often when a new machine or device is introduced but few of the establishments can be induced to give it a trial, and if it is a success these few will get the results in the saving of cost before the others wake up to the fact of its importance.

With a great number of individuals controlling in any line so many are likely to be influenced in the same way by the same causes that it is allowable to speak of general movements of industries when it is a question of the results. But if it is a question as to how certain causes are likely to affect industries it is necessary to consider the personality of the individuals whose operations make up the total of production. They may be scared into shut-downs or encouraged for increasing the output. So there are found scarcity and high prices for products at times, while at other times there will be overproduction with ruinously low prices, with the same industrial organization and substantially the same workers.

The scientist with his ideas of fixed rules working from cause to effect for the natural forces is utterly at a loss to explain conditions which are so different from what logic and philosophic reasoning would indicate.

## CHAPTER VI.

### CREATION OF WEALTH.

**Intelligence the Real Creative Power—Labor a Factor that can do Nothing of Itself—The Claims of Socialism—Inventors as Wealth Creators—The Grand Incentive for Human Effort that Brings the Results.**

Any consideration of the material welfare of humanity must take into account the creation of wealth, which is the basis for all human progress, and incidentally the cause for the constantly continuing disputes between individuals, as well as for the general wars waged for conquest or destruction.

Whether the earth with all that it contains was created in six days or developed through six million years is not an issue in economic discussion. As far as human knowledge goes the earth was substantially in its present condition, with its stores of minerals, its abundance of vegetable growth, and its variety of animal life, all at the service of the human race. But, with few exceptions, nothing of all this vast profusion of products is in shape for immediate use by human beings. Animals must be killed, trees must be cut down, grain or fruits must be gathered and prepared more or less, and some must be cultivated. Fibers must be prepared for textiles, minerals must be mined and worked into useable forms. In short, everything is ready at hand for man's use when he learns how to use the materials.

The production or creation of wealth consists

essentially in taking the various materials or products which, as it is said, nature provides and transforming them into conditions for man's use. The grand result is a mass of articles known as wealth which also includes domesticated animals, land control and practically everything that can be transferred from one ownership to another. The various details of getting the crude materials into shape for use or for transferring ownership is known as production or creation of wealth. The creation consists in giving a value to the transformed materials that did not exist before. So also animals or land can be improved and made more serviceable or more valuable.

But all these changes must be made by human beings and by human effort which is generally termed labor. Hence we have the logical conclusion that labor is the creator of all wealth, or, as is often expressed, all wealth is produced by labor.

As a broad, general proposition this cannot be disputed, and yet it is the basis for an unlimited amount of blundering and false reasoning that is positively destructive in its effects on humanity. The whole socialistic propaganda is based on a wrong construction of this principle and a chop logic fallacy of giving entirely different meanings to the term labor.

When it is stated that all the changes involved in wealth production are due to human agency or human effort, a great deal more is implied than the purely physical action which is the restricted meaning of the term labor. The human effort for wealth creation must be very much more mental than physical, and without the intelligence for directing, the physical

labor would be worthless. A thousand men might sit down beside a pile of materials for a thousand years, if they could exist so long, but there could be no building erected until the directing intelligence appeared with the plans and gave the instructions for all the details of the work. All the materials at the service of humanity have existed under and above the earth's surface for countless ages, and labor was all the time present. Why did not labor go ahead with the wealth production? Why did it remain for the Nineteenth century to show the grand results of the progress in all lines?

Karl Marx, who is called the father of scientific socialism, argued that the only human agency involved in the production of wealth from the materials or forces provided by nature was manual labor, and that in this respect one man was practically equal to another. So it followed that the amount of wealth that any man could produce was measured by the number of hours he labored, and a distribution on this basis would insure a practical equality for all.

It seems almost absurd to answer such naively childish reasoning as this, and yet it is held as axiomatic or self-evident by a very large portion of our modern trade union membership. The Western Federation of Miners which caused so much trouble in Idaho, Montana and Colorado carried in white letters on their mine cars the words:

"Labor creates all wealth.

Wealth belongs to the producers thereof."

This is the Karl Marx theory that the capitalist is a

robber taking from labor the value it creates, and that the workers should organize and eliminate the capitalists entirely, taking all the product for themselves.

The original Karl Marx proposition makes no distinction between the different kinds of labor in the results. The ditch digger and the skilled mechanic are all on the same basis. The brawny worker is rated the same as the weakling, and the physical giant who exerts his strength to the utmost can claim no more than the dwarf. The fence whitewasher, the house painter and the great artist at his canvas all work with brushes and colors, making the same motions. If they worked the same number of hours the Marx theories would allow them exactly the same amount from the common supply; that is to say, they could have rations, some clothing and a sleeping bunk in the barracks provided.

Modern socialists with ordinary intelligence realize the absurdity of the Karl Marx ideas even from the physical labor standpoint, and so they give a collective meaning to the term *labor* which allows for differences of the individual ability, but still assumes that labor as a whole creates all wealth, and should have all the products. But even as modified the Socialistic theories could apply only to primitive, savage conditions where all were working without tools or implements of any kind. With the first step in development of the inventions of the bow and arrow or the burned-out canoe there is at once a difference in the value of the products, and the inventors can claim a larger share. The crudest kind of savage intelligence would recognize the value of the bow and arrow which made the killing

of game so much easier and less dangerous, while giving an increased supply of meat. There never was a savage so stupid as to refuse to share with the arrow maker who furnished the weapons. And yet according to the alleged scientific Socialism, the arrow maker would be entitled to nothing unless he joined in the chase with the others, and worked an equal number of hours. The savage would also give a larger share to the chief who organized and directed the hunt, assigning the men to their positions for driving and intercepting the game. Scientific Socialism would say:

“Hunters capture all game.

Game belongs to the hunters thereof.”

If the arrow makers or the chiefs object, knock them on the head. Why should they rob the hunters who do all the work of killing the game?

But even without this idea of a share for the leaders or the inventors there would remain the question of distribution for the individuals. The physically strong will produce more than the weak, and the man who works ten to twelve hours a day will produce more than the chronically tired who works only half time. Who will decide on all these points?

Of course it must be the all-wise government which would be represented by the boss in charge of the working squad. If he had any crude ideas of justice he would necessarily give twice as much in the bread-ticket payments to the stronger or the more industrious who turned out twice as much wealth.

But this would mean inequalities again. Those who earned double bread-tickets could claim pie or

confectionary for the extra tickets. They would proceed to flaunt these luxuries in the faces of the others who were deprived of the same, and might even aspire to become bosses. So right at the outset the theories of equality for all under the Socialistic dispensation dissolve like pretty soap-bubbles.

An adaptation of the Karl Marx theories or the more modern scientific Socialism would be something like the following:

Here in a certain place is a great industrial establishment, big buildings all filled with machinery, a power plant and a stock of materials. How did it come there? Why, it grew of its own accord the same as the trees grow. After a while along comes a lot of men strolling by and they say with one accord: "Hello! Here's a nice factory. Let's go in and go to work."

They go in and get to work, each finding his proper place in the system by some kind of instinct, and the great establishment starts up. It runs along in an automatic way, the products going out and selling themselves, and the money returning to the cashier for distribution.

Then along comes another individual, probably a thin-legged, sick-looking little shrimp, or possibly a bloated, boastful specimen of a plutocrat, who says: "Why, here's a fine establishment all working, I guess I might as well go in and take possession of the office and boss it."

So he goes in and informs the cashier and the book-keepers that in future he will look after the buying and selling, and will take a share of profit for his trouble, while the real workers must be content with the bal-

ance. Strangest of all, the workers quickly submit and take their share as allotted, until a real Scientific Socialist happens along to tell them that all capital is robbery, and all employers are robbers, while the idea of profits should not be tolerated. The remedy, if they are real men, is to throw out the interloping boss and continue the business without him.

This sounds silly enough, and yet it is only another way of stating the claim that labor is entitled to all the value of the product it produces. Even the craziest Socialistic ranter must admit that the factory establishment did not spring up over night like a mushroom. Some one made the brick and some one sawed the lumber, some one planned the factory building and paid for the materials as well as the labor for erecting it. Some one devised the machinery used, some workers were paid for making it. Some one laid out the plans for the work in all the details from the materials to the finished product. *All this was done before a single worker was employed.* Coming along individually looking for employment, the workers recognize the fact of the investment in the plant, and also the fact that all possible claims for labor up to that point have been satisfied, as well as the claims for the labor which produced the materials used in the establishment.

When looking for employment the workers are willing to make such terms as they can with the owner of the factory who takes all the risks of success or failure. There is an absolutely clear and distinct understanding at the outset by which the workers agree to give a certain service for a certain payment in the form of wages. But no sooner is the factory estab-



lishment in operation with its force of workers than the latter set up their claim to joint-ownership. They say in effect that as the factory could not turn out a product without labor:

"We will insist on our own terms as to what share we shall have. We will form our labor unions, make our own rules for working, and will strike if our demands are refused."

This is rather arbitrary, but not altogether unjust because it is for the workers to say whether they want to work or not, and also to say on what terms they will work. But they do not stop at this. They go further, according to the trade union idea, and say in effect:

"You cannot run your establishment without labor, and that means our labor. You were free to employ any one who offered himself when you started, but having employed us your freedom of action terminated. Having been employed for anything over a week gives us vested property-rights in the establishment. If we stop working or strike, and you attempt to hire other workers in our places, we will use the whole power of our labor organization—first, to destroy the scabs who would take the work and accept the terms, we refuse; and, second, we will do our utmost to destroy your business by boycott or other form of attack that we think will work to your injury."

The labor unions uphold this view as stated and justify their action by the plea that it is necessary for promoting the interests of the wage workers, and as a protection against the grinding tyranny of employers who would degrade the worker to the lowest limits of human endurance unless this claim to a practical joint-ownership was enforced.

Without going into any consideration of the labor question in this connection, it is not belittling to the work of labor, which is so absolutely necessary to point out that the larger results are due to the directing intelligence. When labor is employed in a primitive way there is a wealth production, but it is limited more to the cruder forms of materials, giving the smallest returns for its share in the form of wages. The productive power of this kind of labor has not increased in the Eastern countries, for example, where the routine of the work has continued unchanged for centuries and the crowding of the population tends to decrease the earnings. Unless some individuals can devise mechanical appliances or more effective methods, these conditions will continue for centuries to come. If some genius could find a way for doubling the production, it would mean a corresponding creation of wealth which would benefit the consumers of the products and the labor employed as well.

Take an invention like vulcanization of rubber, for which Charles Goodyear labored through years of privation, suffering and even disgrace before he succeeded in giving a creation of wealth of incalculable benefit to humanity. What would the world do without rubber in all the uses as we have it now? Had labor any share whatever in this creation of wealth, which, by the way, opened up a new demand for labor? What sustained Charles Goodyear through all his trials, troubles and repeated failures but the greed for gain or the hope of reward in the millions of profits which he foresaw that the public would willingly pay for the benefits from his invention? Would any

despotic ruler or any Socialistic official have tolerated such a nonsensical dreamer as he appeared to be, or have allowed him to continue costly experiments after his first failures? Who would select him out of millions of others to experiment with a worthless material and allow him to draw his regular supplies from the common store without working in the ranks with the others?

In the same way hundreds of others might be named who in other lines were great creators of wealth by their inventions, and who had to meet the fierce opposition from labor. What kind of reasoning can it be, or what kind of justice or fairness, to claim that these men who have given so much by their brains are entitled to nothing in return but the fixed allowance for the hours they labored?

Then there is the utilization of wastes for new products. A few might be mentioned: like cotton-seed products from cotton; by-products from slaughtering establishments, of more value than the meat; various products from coal tar and petroleum, of more value than the principal products; and for other industries the list could be extended to fill a fair-sized volume. What can labor fairly claim for all these wealth creations? The workers employed get their full share of benefit from all, the same as from the more important inventions.

But scientific Socialism of the high-thinking order still insists that labor is the creator of all wealth, and that the capitalistic robbers who attempt to appropriate a share must be summarily suppressed.



## CHAPTER VII.

### LABOR AND ITS VALUE.

**Essential for Wealth Production, but Worthless and a Burden when not Employed—Different Results from Same Labor—Power to Destroy—Alleged Superiority—The Carnegie Illustration—Jollyng versus the Facts.**

Labor conquers all. Labor produces all wealth. The laborer is worthy of his hire. Labor is ennobling and idleness is degrading, and so on through the array of proverbial sayings. But there is one, more pointed and true than all the others, and that is: Jollyng labor is the most profitable resource for demagogues when votes are wanted.

What is labor and how must it be considered in any scientific analysis?

Labor is the action of human beings for producing definite results. Broadly speaking it must include all human activity and could also be extended to animal labor, as for horses which furnish power for transportation or for other details of industrial operations. As usually employed in political or economic discussion, labor is assumed to mean physical efforts of human beings for definite results aside from mere recreation or exercise.

But where does the value of labor come in? There is the power or potentiality for labor in every normal human being; but suppose it is not employed or does not exert itself? Then, evidently, there can be no product or no value. Instead of being the creator of

all wealth or any wealth, the power or ability to labor, when not employed, is worthless. In fact, it is worse than worthless, because it must be supported, — that is: fed, clothed and sheltered in some way by the labor that is employed and productive. A man has the ability for a certain amount of labor per day and can do his share for producing a certain amount of wealth; but if from any cause, as voluntary strike or enforced idleness, he does not do the work on a given day he subtracts just so much from the common wealth instead of adding to it.

The misery of hard times that is the most heart-rending is the despondency of able bodied men, willing and anxious to work, but who must accept the necessities of existence from others and be a burden instead of a support. If the unemployed could be eliminated in some way for the time being or laid away in a trance-like condition until wanted, how much hardship and suffering could be avoided. The blindness to this fact of the unemployed-labor burden is one of the greatest blunders of the trade-union policies for restricting the number of workers.

Further than this, labor actually employed and exerted to the limit of capacity may be destructive, instead of creative of wealth. Suppose that an architect makes plans for a building and employs labor necessary for its construction, the result being a building specially adapted for the use intended, so that it can be utilized with profit as a factor for further wealth production. The labor in that case was certainly an element, and an absolutely necessary one, for creating the wealth represented by the building. But suppose

another architect designs another building and employs the same identical force of workers for its construction, from foreman down to the last hod-carrier and assistant helper, using the same value of materials. The first building is exactly what is wanted for better results in economic working and is paid for accordingly. The second building is found to be generally defective. The foundations are insecure, the supporting columns not properly placed, the window openings wrong, the roof wrongly pitched so that it leaks instead of draining the water. The building, in short, cannot be used and is worthless,—representing not wealth production, but a positive waste of all the materials and cost of labor used in the construction. Who is responsible for the difference in the results of a handsome profit and a big loss? It cannot be labor, because the same identical labor was employed in both buildings.

Take another example of two steamships built in the same shipyard by the same workmen using substantially the same materials but with different plans, the workmen faithfully following the detailed drawings in each case. One ship will be serviceable and valuable while the other will be so faulty in the plans that it will scarcely float, and be otherwise worthless. Did labor have anything to do with this difference in the results?

So examples might be multiplied indefinitely for bridges and structural work generally, as well as for all machinery, showing faithful work with different results. The same is true in all lines of manufacturing where wrong orders or careless neglect of instructions will give a worthless product, while an attractive design properly worked out in the product brings profit.

Does the value of printed matter depend on the labor of type-setting and press work, or on the ideas set forth by the writers? So in every branch of industry there is the same difference in results due to the brain power in the directing.

Then there is the well-known fact of the cost of superintendents, foremen, inspectors, time-keepers, etc., to see that the workers do not waste time and materials, or turn out defective products.

Not less than 20 per cent., on average, of the labor-cost of production goes for this supervising and watching (to prevent losses from careless indifference of some who will not give the service as agreed upon for the wages) which the majority of the workers honestly and faithfully do.

Then take any kind of a manufacturing establishment or any kind of a business or mercantile concern: one man as manager will build up from a small beginning to a great establishment with a splendid system, and the results are good profits amounting to a big fortune. This man either dies or sells out, and a son, son-in-law or relative or a new purchaser takes control with the same force of employes down to the last office boy. At the end of one or two years the business is wrecked and the assignee is closing it out. It is a matter of common knowledge that thousands of such cases can be cited in every branch of industry (as well as the reverse: of the right man taking a losing business and building it up for profit).

Every day brings its record of business failures as well as of new concerns starting, and the number of business houses that can show a continuous existence

of twenty-five years without failure is small enough to make such a record exceptional. If labor has any claim to the profits of success will it agree to contribute to make good the losses of failures?

Every reasoning human being understands from his own observation how results come from management and not from the labor employed, and that labor is utterly helpless without intelligent direction. And yet such is the perversity of the human element that there are human beings, and a goodly number of them, who in the face of all this common knowledge and universal experience will shut their eyes, plug their ears, and solemnly argue for the Karl Marx doctrine that labor produces all wealth, and that the division should be in accordance with the number of hours which each worker was engaged in manual labor. The ranting of the labor champions on this line are taken as gospel and as a basis for demanding more "rights."

It is a curious feature also that all the economic authorities, with a few exceptions, discuss wealth production as if it was the sole work of labor, and assuming an absolutely automatic action for the great industrial establishments. It is assumed without explanation that in some way labor will go on producing, no matter what happens to the heads of the concerns or how profits may be affected. Every practical man knows that with no profit the shop must shut up, and yet labor leaders ignore all conditions as to profit, and argue that wages must be increased, and that the workers as the real producers must be allowed to dictate certain terms as to the management of the business.



So far as modern conditions are concerned no one who can reason will attempt to dispute the truism that success in any industrial venture must depend on the intelligence of the management, and never on the labor employed. The only difference that can be attributed to labor is in the fact that efficient workmen who follow instructions will give better results, while careless workmen will cause serious losses or destruction. Occasionally, also, a bright worker will notice a mistake and suggest an improvement, but this simply shows that he is not an average laborer.

What has labor as labor ever accomplished for progress from the beginning of the world? Did any body of workers at any time or place ever come together and insist on improvements? On the contrary, was any invention or improvement (with some exceptions in recent years) ever introduced without the determined hostility of labor, as shown by violence, destruction and murderous assaults?

But it will still be argued, it is certainly true that wealth cannot be produced without labor, and so why not change the wording to say that labor produces the wealth?

There is much more than a change in the wording, because the same can be said of the materials used. Wealth cannot be produced without the materials and forces supplied by nature, but it would be manifestly absurd to say that the materials produced the wealth. The exact truth is that wealth cannot be produced without labor and materials, and that with these must be combined the third factor of intelligent direction. Labor and materials are both inert in the

sense that they cannot act for themselves. The vital spark, or the creative force which combines labor and materials for a new product that did not exist before, is the directing intelligence which arranges the details of the work for certain definite results.

In primitive conditions human beings combine within themselves the labor and the differing degrees of directing intelligence, enabling them to supply their wants; but with any kind of association for co-operative effort the best intelligence must take control for directing, while the others must follow the instructions. The modern demand for labor calls for high degrees of intelligence and technical skill for the employes in many lines, and this intelligence, of course, contributes to the results. Employes are often found who are superior mentally to the employers; but, none the less, the employer who takes the risks with his capital must have the control and act as the directing intelligence for the whole, because he alone must decide as to just what features are wanted in the product, and the success or failure of the whole must depend on his judgment.

If it was a question of manual labor, that is: physical capacity for working, the most productive regions of the earth would be where the savage tribes are found with the power of their splendid physical development. Or if it was a question of numbers, the wealth production of China or India should be far in excess of anything that the Western civilization can show.

Some of the authorities (?) undertake to answer or rather explain this obvious difference in production by arguing that the workers of Europe and America,

if not physically stronger, are superior in skill. We are told that the workers of Europe are superior to those of the Orient and are entitled to higher wages accordingly. Then, in turn, it is said that the workers of the United States are so much superior to those of Europe that they fairly earn the wages they receive, which are practically double the European standard.

But what a pitifully inadequate explanation this is! If workers in one locality are superior to those in another, how or why did they become so? It could not be from any natural law of evolution, because a natural law must work exactly the same in Asia, Africa, Europe or America. It needs only a glimmering of common sense to understand that if one set of workers are superior to another it is because they have been taught or instructed, and work under more intelligent direction or with more mechanical assistance. A boy at the lever of a hoisting engine, with its cables and pulley blocks, can lift and handle weights that a hundred physically perfect giants could not move. Is that evidence of the boy's superiority or of the advantage of the appliances he uses?

If anything further was needed to prove the absurdity of the notion that increased production is due to the superiority of the workers, just consider what happens when the alleged superior American workman goes back to Europe. Does his assumed superiority enable him to command the American scale of wages or not? This applies to common workers, of course, and not to special instructors who sometimes go under contract. So if the European goes to China and works according to the Chinese methods, can he show the

assumed superiority in the increased value of his production or not? How could it be possible for a man, by reason of a short voyage westward, to acquire a superiority enabling him to earn double wages, and by a return trip lose all the acquired skill so that he can earn only the lower wages?

Of course, the truth that all can see who are not willfully blind is that the difference in production is due to the difference in the methods, systems or mechanical appliances in use, and not, beyond a slight degree for individuals, to any possible ability or merit of the workers collectively.

Mr. Carnegie is credited with saying that a successful business was like a three-legged stool, standing on labor, capital and brains; or brains, labor and capital; or capital, brains and labor; that neither is first, and all are inter-dependent.

While this is true enough from what might be called the hind-sight view of the results, yet it strangely overlooks the fact that it was the brain factor that planned the stool in the first place, and finding the other two legs lying inert and unused, brought them together to make the workable stool. If it had not been for Mr. Carnegie's brain there could have been no Carnegie establishment, and the capital and labor factors would have waited for some other brain. If, further, at any time after the combination had been made and worked successfully, Mr. Carnegie had decided to retire and close the establishment, capital and labor could do nothing to prevent. Finally, if Mr. Carnegie again changed his mind and decided to open another establishment in another remote locality,

he could easily find other capital and labor legs suitable for his purpose and continue his wealth production.

All the capital and all the labor of the world cannot combine for wealth production without the directing brain power. Hence the absurdity of the claims for capital and labor, either or both, as producers of wealth. The one creative power and vital force for wealth production must always and everywhere be the brain intelligence which makes use of the necessary factors of capital and labor in the same way that it uses the other necessary factor of the natural materials, from which the wealth is created by the increased value given to the product.

Brain power and capital are so closely allied that they are usually included in the term capital in the questions at issue with labor, which is correct enough for the purpose. It may be courteous or complimentary on the part of Mr. Carnegie to put labor on an equality, but the facts cannot be changed or explained away or overcome. Mr. Carnegie or the brain power must be interested first, before there can be any call for the labor factor. Then if Mr. Carnegie is not satisfied with the results, labor must look elsewhere for other legs of other stools.

The power of capital and labor is simply negative and destructive. They can refuse to co-operate or can stop working, thereby wrecking the whole combination.

Mr. Carnegie admits his obligations to employes who helped him in his enterprises, but he really refers to the salaried men who had the brain power for

originating or directing with the result of more wealth creation. This class is clearly distinguished from the labor which organizes itself into unions and insists that the salaried brain power is part of the capitalistic scheme for robbing and oppressing labor.

The success of the Carnegie enterprise, by the way, was mostly from the introduction of the Bessemer process of making steel which other concerns rejected. The value of this process to the world as proved by the results is beyond calculation. In England, with less demagogism and more common sense, the results were acknowledged and were rewarded with civic honors in the titles conferred on Sir Henry Bessemer, the inventor, and Sir William Armstrong, the promoter. In the United States nothing is credited for the results in larger volume from the work of the Carnegie concern, but the fortune from the profits is in evidence, and the popular honor for Mr. Carnegie is the limit of vituperative epithets for his alleged robberies.

What possible good can come from ignoring the facts and pretending that labor is the producer of wealth or even an equal factor for the production? Jollyng may be more or less pleasing, but does it ever give real benefit?

Jollyng labor leads to exaggerated notions of importance for the leaders, and unreasonable demands which amount to an exercise of its power for destruction by wrecking the production. But how, from any point of view, can this be considered as a benefit for labor?

There are some human beings with a pride in their reasoning powers, who, on seeing a railroad train for

the first time, would argue learnedly that according to all principles of mechanical forces it would be impossible for the little locomotive at the head to pull the long line of big cars. So they would conclude that the cars were pushing the engine. In the same way it is assumed by these wise thinkers that: where thousands of workers are engaged in an industrial establishment, they must be the real active power which produces the results in the product, while the manager—sitting apparently idle in his little office—could not by any logical reasoning be considered as the vital moving force of the whole.

Dash cold water into the little firebox of the little locomotive and how far will the train move?

Suppose the manager of the industrial establishment should walk out and leave the workers to run the place on their own responsibility and according to their own notions, what would they accomplish and how long would it run?

There are few laborers so lacking in intelligence as not to have a pretty clear understanding of the value of capital and management. They know as individuals that the motive for building the establishment and keeping it running is the chance for profits or greed for gain. More profit, like more fire under the boiler of the locomotive, means more speeding; or, in other words, more employment and more wages; while less profit means less employment and wage reductions. And yet these same workers, knowing all this, will whoop and howl collectively for the demagogues and labor-union leaders who promise to smash the greedy employers and wipe out their profits.

Then when the discharges and the shut downs come what can labor do for itself, with all its assumed power, but rally at the charitable soup kitchens.

Another delusion and a queer logical monstrosity is the idea of the labor unions concerning the demand for labor, which is assumed to be fixed and constant. The labor-union policy accordingly aims to limit the number of workers and also to limit the amount of work to be done by the individuals. If there is a certain amount to be done, of course this policy would tend to increase the wages. Every individual worker knows that the demand for labor is never fixed or constant, and that it is always changing. In times of prosperity, when the most labor is employed, wages are the highest, while hard times with less employment certainly mean lower wages. If there was any truth in the labor-union theory this would practically be reversed.

Every worker employed makes a demand for the products of other workers, while every worker idle is a burden. Limiting the number of workers or the amount of work gives less value in the product, which means higher cost, and must result in less sales, less demand for labor and lower wages.

Hundreds of examples could be cited where improvements, designed for lowering cost and larger sales calling for more labor, have been obstructed or defeated by the obstinancy of labor in demanding more or restricting the output. With all the inventions and improved methods, the building industry, for example, has been unable to show corresponding results in reduced cost. So building work is restricted, less



labor is employed with less earnings, and no benefit to the public, who must pay higher rents for the antiquated structures that would naturally be replaced by more modern buildings with all the improvements at lower cost.

So it is that labor allows itself to be humbugged, and grabbing for temporary gains loses all the larger benefits. Always fighting progress and stubbornly opposing measures for its own benefit.

These are the facts that no amount of "jollyng" can change, and this is the problem of the unemployed.

## CHAPTER VIII.

### HOW PRODUCTION IS INCREASED.

**The Directing Power of Intelligence—How the Values are Divided—Larger Share for Labor and Greater Benefits for Humanity.**

The earth as well as the greater universe of which it is a part give proof of a Grand, Infinitely Wise Intelligence as a Creator. A chance development of the whole from an aggregation of the constituent atoms would be past all imagining. In a smaller way with earthly affairs the markings on rocks, the special shapes given to stones or the clay formed into bricks, or pottery, give positive proof of the work of human beings directed by human intelligence. Whether the soul or the human intelligence is considered as part of the Great First Cause or only a faint reflection of the same, there is in a limited way something of the same creative power in transforming materials for the new productions designed for use or comfort. It would be as reasonable to imagine the universe assuming shape and order by chance as to argue that the changes known as creation of wealth could possibly come from physical effort without the intelligence for planning and directing.

In primitive operations, as previously noted, the intelligence is in the brain of the worker himself, and this intelligence may be developed up to the highest grade of skilled mechanic or artistic genius, with correspondingly valuable results in the wealth produced.

But with the first step in the direction of co-operation there must be a directing brain which will assign a place and a portion of the work to each of the other workers. The progress of civilization means development of this co-operation for larger results, and such co-operation is impossible without the directing intelligence to make it effective. In all questions concerning modern industrial conditions, therefore, the directing intelligence or management must be considered not only as an essential factor, but as the real moving power. By this management, with the co-operation, an additional wealth is created far in excess of the possible total from the efforts of the same individuals working independently.

Take, for example, the work of one hundred shoemakers each capable of making, say, one pair of shoes a day and no more. They will each pay \$2 for materials and sell the finished shoes for \$3, leaving \$1 to pay for their labor. Now, along comes an individual who puts up a factory building, equips it with machinery, and induces the hundred shoemakers to work for him in the factory under his explicit directions. As the result he turns out 500 pairs of shoes a day, selling at \$1,500. Here is a difference of 400 pairs of shoes and \$1,200 in value with the same labor. Who is responsible for this difference or who created the extra value? Who is fairly and justly entitled to the difference, and has the labor any shadow of a claim to it? The shoemakers of their own accord could never get together for such a result, and they were satisfied with their original earnings. If the shoe factory thus organized was the first of its kind, the

individual could continue for some time to sell his product at the old prices and would soon accumulate a big fortune from his profits. Assuming that such was the case, what other human being could claim that he was injured or robbed? The workers would have the same earnings, the buyers would have the shoes at the same prices, and the individual who made the difference possible would have only the extra value he created.

As a matter of fact the result works out somewhat differently. The employer with his factory system and larger production begins by lowering the selling price to, say, \$2.75 per pair for the shoes instead of \$3, and next with the increased demand for workers, finds it necessary to pay the shoemakers \$1.25 a day instead of \$1, so that he gets only half of the value he created. The actual changes in the shoemaking industry were, of course, more gradual than indicated in the foregoing, and as employers or managers introduced better equipment and better mechanical appliances the production was steadily increased for the same number of workers. The result was reductions in the selling prices at one end, and increases in wages at the other until the margin for profit was reduced practically to the normal rate of interest for the capital invested. A profit of five cents a pair on the output of a modern shoe factory is considered a very good showing while the average is under this figure. In the meantime there is the constant study for further improvements with better results, each concern striving for some feature that will tend to increase the sales and bring more profits, the larger benefits always going to the public.

In place of shoes and shoe factories in the foregoing substitute any other industrial product and substantially the same results are shown. The inventors or the individuals who can devise new methods or appliances for increasing the production with the same labor are the wealth creators, and at the outset can get extra profits. But they soon have plenty of imitators, and must give up a larger share to the buying public in lower prices, and also give up more to labor which, whether reasonable or otherwise, demands and gets a larger share of the value of the product. All industrial progress must come in just this way. It is always the individuals with new ideas which, by the way, are almost invariably opposed by the workers.

It is needless to multiply the examples by citing the developments in all the different lines of industry, showing how the forces of nature and mechanical appliances have been used for the creation of wealth in the greatly increased output or production by the same labor. Just consider for a moment some of the wealth creations of the past hundred years, beginning with the steam engine, then the power loom, the sewing machine, the cotton gin, railroads, steamships, the vulcanization of rubber, agricultural machinery, shoe machinery, steel production, telegraph, telephone, electric motors and electrical development generally, and so on through the thousands of minor inventions which have given such wonderful results. All these developments came from individuals who studied, toiled and suffered in hopes of reward, or, in other words, greed for gain. Some were fairly fortunate with riches and honors while others had nothing but

disappointment and blasted hopes. But taken individually or collectively, did any or all ever receive a thousandth part of the grand total of benefit they gave to humanity by their inventions?

The reformers, moralists and high thinkers generally can easily see and understand the fortunes that are accumulated by the few inventors or leaders who win notable success by offering better values or better service which attracts more buyers and so gets the larger results. What they do not or will not see is that the fortunes are only very small fractions of the extra values given and distributed to the public for long years after any exclusive control of the inventions can be claimed. With eyes that see not and ears that hear not, they parrot off the old-time stock falsehood that the rich are getting richer and the poor poorer. Where would the big fortunes come from if the mass of the people were not in a condition to buy? The creation of wealth means more to divide; and, hence, in every instance there is the increased production with lower cost which means lower prices for the products and higher wages with more employment for the workers.

The inventors, of course, are creators of wealth as individuals; that is to say: they present the ideas; but unless the ideas are adopted they are as worthless as labor when unemployed. There must be brains to realize the possibilities from the inventions and to put them in shape for offering to the public who will accept or reject the same as they see fit. Then, aside from the inventions which are of special value, there are the improved methods of working, the minor

economics, the utilization of wastes or by-products, all of which are in effect added values and as such are wealth creations. In the line of economics there are the methods of the much abused trusts or big corporations which, when properly managed, get good results.

The reformers, with their notions of arbitrary power for enforcing their theories, assume at once that the trusts having the power will act as extortionate monopolies, but here again it is a question of proportion. The individual who starts in business with a small capital is commended if he can double the same within a year. He would hardly be considered a success if he did not do much better than this for the succeeding years. But doubling his capital means 100 per cent profit which must come from the buying public, mostly, and to some extent, possibly, from the labor employed. The total, being only a few thousand dollars, does not call for special notice. But if ten or a hundred of the small concerns combine into an organization that will aggregate a capital of millions what chance would there be for doubling the business in one year? What trust would dare to announce prices giving a profit of 100 per cent?

Some recent dividends of big corporations like the Standard Oil, for example, figuring well up in millions, have been wildly denounced as evidence of wholesale robbery of the consumers, and yet it is safe to say that as a percentage on the capital invested or in use these big millions would be less than one-tenth as much as Rockefeller and others cleared yearly with their little refineries in the early days of the oil business.

There can be no question as to the fact that the

principle of co-operation and intelligent direction as typified in the big factory establishments has been a leading factor in the wealth creation which has given a general prosperity in recent years in this country with a distribution, as evidenced by the consuming ability of the mass of the people in their buying, such as was never before known in all human history. Allowing for any reasonable degree of the alleged extortions or criminality of the big trust corporations, there remains the fact that they have been obliged to concede a good deal to the general public in the reduced margins of profits for sales, and the increase in wages for the workers.

It is puerile begging the question to argue that even better results might have come if there had been no trust organizations or big corporations. Such a supposition is directly opposed to the facts, because with all the intense energy of previous competition the results did not appear. If, as must be admitted, there is a possibility of economy in production by reason of the combinations, then, in so far as these economies are worked out, there is a positive creation of wealth which sooner or later must appear as a benefit to the public. If, as is so often argued as a crushing argument against the big concerns, young men have no chance to start in business in a small way as they did in former years, what does this really mean if not that the margins for profit are so reduced that the young men at present cannot double their business every year, and so cannot show the old success in building up? Will the great mass of the buying public consent to go back to the old-time basis of 100



per cent profits in order to give the young men a chance, or will they continue to patronize the big concerns for their own advantage in the reduced prices, with the young men as department managers instead of proprietors?

In all the denouncing and demanding for the suppression of the capitalistic robbers there is the assumption that big profits are being taken from the workers, and that these profits are always in evidence being part of the system which socialism would destroy. Profits are part of the system certainly, and are the incentive for better results. But there are profits and profits, and the very important business problem, as previously suggested, is how to get them.

It is assumed by the class of critics who never hired a servant girl or never sold a pint of peanuts, and are, therefore, cock-sure authorities on business matters, that the profits must be robbery. The fact that a few concerns with comfortable fortunes can be pointed out is proof enough that all engaged in the same line are getting the same profits, and so the aggregate robbery is figured up to horrifying totals.

The ignorance or dishonesty or both, in this kind of arguing, is making it appear that profits are uniform for all. Common sense understands that with progress in any line of industry there must be varying profits, and that extra profits for some must mean losses for others. The more progressive firms study for improvements and are the leaders with new ideas of lowering cost, or, in other words, creating more wealth. Such concerns with lower prices or better service get the increased business and the big profits as their

reward. Other concerns follow along as well as they can without the improvements, and are forced to meet the lower prices with a loss of some of the former profits. At the end of the line are the failures, dropping out because with their old methods they must sell at a loss. The average for profit, counting the failures, will be found well down toward the zero line, and for those who continue in business it will not be much, if any, above the normal interest-rate for capital invested. This is why the benefits from improvement always go mostly to the public, and the big profits of the leaders, while they last, must be a small percentage measure of the continuing benefits given when the improvements are generally adopted.

Again it may be asked: if labor claims a larger share in the success of the leaders will it be willing to work for lower wages for the non-progressive concerns whose profits are on the wrong side of the zero line?

Government control, according to any kind of a socialistic conception, would establish a dead level of uniformity and effectually bar all progress, because if one official introduced changes for the better there would at once be profits, and he would be condemned as a renegade from the socialistic faith.

Take just one example of this continuing industrial progress. In 1800 the weaver could buy ten yards of cloth with his week's wages. In 1900 he could buy 150 yards, and work thirty hours less per week.

Just think of the enormous change involved in this one item for both—the public needing the cloth and the workers producing the same. The value of this wealth creation would total up to an astonishing

array of figures. Are not the individuals who from first to last introduced the improvements in mechanical appliances and co-operative or combination management clearly entitled to recognition and an insignificant fractional part of the enormous benefits they gave to humanity? Would any human being on earth today favor doing away with all this progress and going back to the hand-loom cloth-weaving, with ten yards of cloth for a week's wages?

In the hundred years of progress there were thousands of individuals studying, working and experimenting to devise changes in the way of improvements. Each and all were dominated by the greed for gain, and probably not one could be classed as a philanthropist. Each believed in the results, more or less important, that would come from his ideas. Of the many suggestions offered probably not one in a hundred proved to be of practical value, and very few that developed into marked success received anything like an adequate reward for the values given. Through all this time, moreover, labor continued to plod along, fighting against every change and showing envy or hatred for the successful leaders whose brains were doing the creative work.

Then as a climax comes the socialistic claim that "labor creates all wealth, and all wealth belongs to the producers thereof."

Then come higher ideal moralists who endorse this claim in the name of justice and philanthropy:

## CHAPTER IX.

### SOME REFORM IDEAS.

**Critics of Commercialism—How the Professional Classes are Maintained—No Higher Life Aspirations Without the Commercial Basis—Some Queer Notions about Profits and Production, Wealth Division and Demand for Labor.**

What is wrong with present conditions? They are certainly better on the whole, giving greater good for the greater number than was ever before known or considered possible, and the progress from year to year is a continuing cause for wonder.

Well, uncork any of the reformers and there will be an outburst of objections showing that everything is wrong and getting worse. There will be the tirades against the greed of the money power, the worship of the dollar, the insolence of the rich, the oppression of the poor, and so on through all the familiar variations. All of these objectors or denouncers talk of the changes for the better that should be forced at once, and all yearn for the despotic power to order the changes forthwith. Present conditions have been laboriously developed through ages of experience with all forms of rule and misrule. None of the impassioned reformers will think of taking a backward look to note how vast the progress that has been made, or to give any degree of credit to the leaders who introduced and carried through the improvements. Neither will any thought be given to the great majority of the people who find present con-

ditions reasonably satisfactory on the whole, though of course open to some criticism. The reformers find certain specific evils, and with their self-assured inspiration, denounce, proclaim and demand with the object of a general overturn of the existing order.

The moralists or religious teachers are particularly severe on the spirit of commercialism, which they argue is invading the sanctuaries and crushing out all the higher ideals. But allowing for certain excesses in this direction fairly open to criticism, why attack commercialism in general? Without the spirit of commercialism there could be little chance for education or higher thinking of any kind. The savage thinking is centered on the prospect for the next feed. It is only after the industrial idea of accumulating something has been in force that there is any leisure for thinking on impersonal matters.

We honor scholarship and scientific investigation. We appreciate the learned professions, and are charmed by the artistic productions of the poets, painters and sculptors. We admire beauty in all forms. But why is it that all these things are found in the civilized countries and not in Darkest Africa, for example? What but the spirit of commercialism makes all education and higher-life development possible? Industrial development harnesses the forces of nature, makes provision for the future, relieves the savage struggle for existence, and gives the leisure for education and intellectual activity in all directions. If there are individual business men whose actions are open to criticism, is the same not true of the religious teachers and the moralists generally? Why should there

be this sneering at commercialism by the class whose entire support for the work in which they are engaged must come from the industrial workers and producers in the commercial realm? Economically speaking, all the professional classes, all the artists and the literary shining lights are parasites, to be supported by the industrial workers. Parasites is not used in an offensive sense, because all of these classes are workers in their way, and are necessary for the comfort and happiness of the wealth producers, otherwise they would not be so freely and generously supported. But it is from these classes that come the worst sneers at commercialism, as well as vicious attacks on industries and industrial leaders.

But this is only human nature again. The young college graduate holds himself far above his old father who is grubbing for the dollars to pay off the mortgage which provided for the boy's education with his higher ideals. The old man may wince sometimes, but he loves the boy and is proud of him, and will continue to work for him. It is only when the boy, in the assurance of his superior wisdom, undertakes to instruct the old man about the farm work and management that the latter enters a protest to the effect that the experience of years counts for something as against the half-baked theories which ignore so many of the essential conditions. The industrial leaders will put up with the sneers and the criticisms provided the superior beings will not undertake to block the industrial progress.

The higher ideals are all right in their way and commendable, but it does not follow that all who are

engaged in commercialism or wealth creation are utterly depraved or of inferior intelligence. In the struggle for success something of the higher ideals may have to give way for commonplace considerations, but in the way of honor, integrity and fair dealing the standards maintained in the commercial world are as high at least as are found in the professions. It is hardly consistent for a moralist to make a fierce denunciation of commercialism from the pulpit on Sunday, and then call around on Monday for contributions from the denounced to enable him to continue in his soul-uplifting work.

Another class of objectors are of the philanthropic order with large bleeding hearts, bowels of compassion, milk of human kindness and sympathy for the oppressed. They are not wealth producers, of course, and they are horrified at the tyranny of the industrial leaders who control the wage slaves, and who insist on having a system of rules and regulations for carrying on the work. This class, when buying, insist on the lowest prices that can be forced by ruinous competition. Then they demand that employers shall pay higher wages with shorter hours, give more comforts and aesthetic surroundings in the factories, and add to the cost of the product in other ways. They can also tell any employer how to manage his business, and cannot understand why the latter should be so greedy for profits, and talk so much about the necessity for returns in order to keep the business running.

Then come the socialistic agitators who can prove that everything is wrong, and they are backed up by some high thinkers who fear for the liberties of the

people from the power of concentrated wealth in the hands of a few. These argue that the money kings must soon be in a position to exercise despotic powers which will be worse for the people than the old forms of autocratic despotism by the hereditary rulers.

And so we might continue through the varieties of the fault-finders who are eager to pull down and destroy but can offer nothing in the way of upbuilding. All have different points of view and differ as to the grievances, but all unite in condemnation of the greed of the employers who openly, defiantly and brazenly claim that they are working for profits, and that if the profits are lacking they will suspend operations. It is admitted, however, by some that there is reason in the claim that profits are necessary, but it is still argued that the greed of the employers aims at excessive profits instead of being satisfied with moderate or fair returns.

This question of profits brings in another curiously naive idea to the effect that the producers can and do make their own prices. Some of the wise ones will undertake to prove by figuring on the cost that the selling prices give too much of a margin for profit, but when there comes a business depression with low prices there is little heard of such figuring to show the losses. Practically all of the authorities who argue on prices and cost assume that the selling takes care of itself in some way. The greedy manufacturer or merchant simply marks up his prices and sells. What could be easier? Just keep on selling and selling, and the big fortune is soon piled up so that the seller becomes a plutocrat to flaunt his wealth and grind



the faces of the poor. The moralists point out the evils from the pursuit of wealth and the craze for piling up dollars, and it all seems so easy that the wonder is why any one remains poor aside from those whose higher ideals would not permit them to join in the piling up.

But what about the buyers to whom the sellers sell? What power or influence forces them to take the products at the sellers' terms with the big profits included?

Well, buyers do have something to say. They have a choice of the different sellers, in the first place, and can decline to buy if prices or terms are not to their liking. It doesn't take much inquiry along this line to bring out the fact that selling is a pretty big problem. The sellers must have something that the buyers want, and must put the prices at figures that the buyers are willing to pay. This difference in the views of buyers and sellers is the basis for the well-known law of supply and demand which determines all values. Sometimes the demand favors the seller so that he can get prices which allow good profits, while at other times he must accept prices which are less than the cost. This is simple enough for ordinary intelligence, as it is a matter of common knowledge for all who buy or sell. And yet there is the remarkable fact that volumes and volumes have been put forth in learned and scientific style, arguing on questions of cost, selling prices and profits, without any reference to the real problem of selling or any intimation that the maker or seller of the products must take his chances in meeting competition

that may be able to offer better values. Most of the socialistic arguments for government ownership of industries are based on this same notion that the individuals in control of industries have the power to fix the prices which the buyers must pay. Hence, they say that with government control the profits for the individuals would be eliminated so that the buyers would get lower prices. There would be no robbery by the greedy few, and everybody would be contented and happy. The theory is attractive enough and the promises are charming. It is only when there is a little questioning as to the practical details that the roseate vision changes to a colorless and commonplace reality, as will be shown later on.

Then comes the appeal to ignorance on the question as to the inequalities. Why should the few have so much wealth from the common store, leaving so much less for all the others?

This idea of a common store or fixed amount of wealth to be divided is the crowning blunder of the reformers and theorists. Nothing could be more absurd or further from the truth than the notion that there is a fixed total of wealth. Conditions of wealth production are constantly changing, giving varying totals. The manufacturer gains wealth by offering a better product at lower cost, which the public are willing to buy and pay for. The inventor, by introducing a new product or an improved method, adds to the common store of wealth a thousand-fold more than he can receive from the small percentage of his profit during the term of his patent. In all cases of success in business ventures, with compara-

tively few exceptions, the fortunes accumulated represent the percentage of profit on some distinct and positive benefits offered which the buyers understand and appreciate, otherwise they would not buy and there could be no profits or fortunes.

If there was a shadow of truth in the notion of a fixed amount of wealth to be divided, it would follow logically that when the employers or capitalists got more there must be less remaining for the workers. So it is seriously argued by some that if the accumulation of big fortunes could be prevented there would be so much more for the workers. In countries where conditions are primitive, therefore, and where there are no swollen fortunes, labor must receive a larger share or get the highest wages. Conversely, by this same kind of reasoning, in countries of the most advanced civilization and the largest wealth creation with the biggest fortunes accumulated, labor must get the smallest share and the lowest wages.

Is this in accordance with the facts or not?

Finally we have the logical conclusion that if the fortunes accumulated from industrial development are taken from the common store, leaving so much less for the others, there is the unheard of and impossible result of lowest wages when business is prosperous with big profits, and highest wages when business is depressed, with panic conditions and profits lacking.

"When blind lead the blind, all fall into the ditch."

## CHAPTER X.

### INDUSTRIAL RESULTS FROM SOCIALISM.

**Methods Must be Repressive—Small Chance for Changes or Improvements—The Use of Machinery and the Question of Inventions—Position of the Amateur Socialists—Example of the Street Car Service.**

The socialistic ideas, in so far as they can be presented as workable theories, must be considered from two different standpoints. First, there are the plans for a system of organized government, and the questions as to the probable results from the same—either in the direction of absolute despotism or the opposite of largest individual freedom. In the preceding chapters it has been shown that the ideas must mean reverting back to an extreme of despotism for the controlling power such as was never before dreamed of. It is urged, of course, that the governing despots, with supreme power, will be chosen by popular vote, and will therefore be representative, but men of ordinary intelligence understand how power can be exercised, and how officials once in power can cajole support or intimidate opposition, leaving the mass of the people utterly helpless in the matter of bringing about desired changes. Just think for a moment of the power and influence of government officials at present, and imagine what the result would be with the powers extended to the control of food, clothing and shelter, and in fact all the details of human existence. How could there be any hope of organizing

an opposition that would be effective for making a change?

The other view of the socialistic ideas is from the industrial standpoint, with a consideration of the effects on wealth production with all that it implies for the comfort and happiness of humanity. No one advocates a destruction of the benefits of modern civilization as we have them for all lines of production and transportation, and going back to primitive conditions. Socialism on the contrary promises more improvements with a better distribution of the benefits, and more happiness for all. It is in order, therefore, to consider some of the practical questions as to what will be the effect of government control in stimulating or repressing further efforts for improvement, as well as the chances for a better distribution of the wealth created for the benefit of the whole.

In the mass of socialistic literature and the harangues of socialistic orators there is to be found a wonderful diversity of opinion. There are the Karl Marx theories, previously referred to, claiming everything for physical labor, which please the masses of the more ignorant workers. These workers know that they are doing hard work for scant pay while the employers get substantial profits. Each compares his own wage earnings with the profits of the employer and notes the difference. The Karl Marx ideas seem reasonable, and the workers are ready to join in any movement that promises them a larger share. Few will stop to consider that there are other workers to be paid, and that the total of the wages is very much in excess of the possible profits. Unless the employer

can increase his selling price, which depends entirely on the market conditions, a very small advance in wages will easily wipe out the profits.

Ignoring all this, it is easy for the mass of the workers to accept the doctrine that the employer is a robber, taking what rightly belongs to the workers who do all the work of production. The claim that one man is as good as another appeals to their vanity. They heartily endorse the Marx doctrine that there is only an artificial difference between the common laborer and the skilled artizan, and that it would be only a matter of a little training to turn any intelligent mechanic employed by an establishment into a competent director for the whole concern. Then there is the fact that many of the industrial leaders have come up from the ranks, which is taken as proof that the others could do the same if they had the chance. Of course the success of such leaders proves nothing for the mass of the workers, but only gives evidence of the superiority of the individuals which enabled them to push their way to the front as a just reward for their ability.

Another class of socialists, claiming more intelligence, admit the absurdity of the Karl Marx theories of equality in the face of all the evidence and common knowledge to the contrary showing the different degrees of ability. But they still claim that the employers get too much, and that government control would insure a fairer distribution, giving more to the workers while making due allowance for individual merit. This is in one sense an improvement on the Marx theories, but in practical operation it would

be worse than the Marx system of equality for all. Who would decide as to the individual claims for ability? It is so easy to say that the government would do all this; but again would come the question as to who or what is this wonderful government? There would necessarily be a set of government officials having no interest in the matter of profits or cost of production, who would have the absolute power to fix the wages, to direct the workers, and to select bosses according to their own whims or fancies. Would any such officials be likely to trouble themselves about improved methods or to listen with patience to any suggestions from the common workers?

Still another group of socialistic theorists frankly admit that machinery and methods must be credited with increased production or wealth creation—but they are none the less opposed to the capitalists, who, as it is argued, hold the machinery and the appliances in a monopolistic control which prevents labor from making use of the same. If one man with a modern power-loom can weave, say, fifty yards of cloth in the same time and with less physical effort than he could weave one yard with the old hand-loom, it is evident to the dullest brain that the machinery counts for something. So they say that the government (always that vague idea) should own the machinery and let the workers have free access to it to get the results of increased production.

These deep thinkers can see the machinery which is tangible, but they utterly fail to realize anything of the directing intelligence which is the real creative power. This intelligence first produced the machines

and is constantly adding improvements. It also plans and builds the establishments with motive power for the machines, provides the materials, arranges the system of working with the wages and the methods for getting the desired results, and finally markets the product.

But waiving the importance of capital and the managing brains, and assuming that a new class of workers would be developed who would have instinctive perception enough to find their proper places in the system and work the machinery to the best advantage, with the materials floating in from the sky, the power running of itself and the goods selling themselves, where would the machinery come from? Who would invent the machines, in the first place, and who would place them at the disposal of the workers?

The answer again is: the government, with that assumed all-wise intelligence that never yet existed in human beings.

In this line of argument it is necessary to admit something for the machines and the inventors, in order to make a case against the capitalistic robbers. It is admitted that inventors hope for rewards, and that they are fairly entitled to some returns. It is admitted also that without some assurance of reward the inventors will not trouble themselves to invent. So it is planned that the government should pay the inventors and give the inventions to the public for the common good.

That sounds nice until the rude questioner puts in the query as to how it is to be done. There are thou-



sands and thousands of inventors all eager and confident that they have epoch-making ideas. The patent office reports show that thousands every year have confidence enough in their inventions to pay the expense of taking out patents for the same. But experience proves that not one out of a hundred (and hardly more than one out of a hundred) of the inventions patented have any practical value. But what individual or collection of individuals under any possible official names, acting for the government, could make the decisions as to which was valuable and which worthless? It is said that the greedy capitalists are anxious to get hold of the inventions and use them for further oppressing the workers who must use the machines or appliances. But with all their greed and cunning, the capitalists are unable to decide in advance with any certainty as to the merits of the ideas. It is well known that many of the most valuable inventions were rejected by shrewd capitalists, while, on the other hand, millions and more millions have been wasted in experimenting with inventions that either proved to be worthless or were superseded by something better. What chance would there be of finding government officials wiser in this particular than the greedy capitalists?

Then there would come the enormous expense of attempting to reward the inventors in the first place; and, second, in undertaking to make tests of even a tenth part of the inventions. All such tests would necessarily be made in the government shops, with government materials and government paid labor, and the cost must somehow come out of the wealth pro-

duced by other labor, because the government officials are not supposed to be producers on their own account. But if all these objections were overcome and the government, after making the selections, undertook to supply the machinery for the free use of the workers, what would be done with the discarded machinery, much of it very costly, that is constantly being replaced by later improvements or better constructions?

In the absence of any motive in the way of profit, what official in any department would take the trouble to listen with patience to the story of an inventor claiming some wonderful discovery, or to a suggestion for even a minor improvement that would call for changes in the routine methods and destruction of the plant in use?

But there is still another phase to this matter, and the socialistic authorities are not in accord. The radical socialists reject the idea of rewarding inventors in any way, because, as they argue, such rewards would be continuing the inequalities which it is the mission of socialism to abolish. They say further that the inventors would invent anyway, that their special skill is due to the social conditions and that it would be their plain duty to society to contribute their ideas for the common good. If it is urged that there is no power even in the extreme socialistic despotism to force individuals to disclose their ideas, and also that important inventions have to be developed greatly from the first ideas, the answer will be that the government officials with the bosses and sub-bosses in charge of the working squads would give the common people all that was good for them,

and the inventions for better conditions would not be needed anyway. In fact very much of the existing improvements could be dispensed with when the common people are under proper discipline so that they will be content with the equal rations, the uniform clothing and the regulation sleeping-bunks that the government will provide. It is obvious that there cannot possibly be enough for all of the luxuries of the table, the fine raiment, the diamonds and other ornaments, the carriages, horseless or with horses, the palatial residences and so on through the list. Hence to maintain the principle of equality all these non-necessaries must be destroyed or else reserved for the use of the officials who make up the wonderful all-wise and all-powerful government.

There is still another faction of what might be termed amateur socialists. They are somewhat above what would be an average level, and while they are willing to have some of the higher ones pulled down a little, they are not ready to face the rations, uniforms, numbered tags and bunks of the real thing in socialistic equality. The particular grievance of this class is that the industrial leaders who accomplish big results accumulate correspondingly big fortunes. They instance railroads, of course, and corporations for other public utilities, which they argue should be owned and operated by the government, so that the profits would go to the people and not to the individuals for lavish display and riotous living. Then they are willing to have this government control extended to some of the leading industries for the same general reasons.

There is always something to admire in an honest zealot or fanatic fighting for a principle, no matter how mistaken his ideas may be, but there is only contempt for the trimmer trying to dodge the issues presented and arguing from the basis of expediency instead of well-defined principles.

The real socialists have an honest, consistent principle in their idea of an enforced equality for all human beings. Their theories are visionary, of course; their idea of a government with omnipotent powers for direction and control is a wild hallucination, and the notion that average human beings would submit to such domination is an impossible absurdity. But they argue fairly for their beliefs with the zeal born of ignorance and nursed in envy.

For the amateur socialists there is no such excuse. They understand the absurdity and futility of the socialistic theories of absolute equality for all, but they are willing to advocate partial socialism and to sacrifice the interests of the people as a whole as well as to block progress and encourage fanatical socialism by the experiments with government ownership. They profess the same sweetly confiding faith in the super-human wisdom and angelic natures of the individuals who would act as government officials. They assume that these officials would be able to recognize the value of proposed improvements at a glance and be eager to introduce the same for the benefit of the people. But when or where has officialism ever made such a record? Is not the tendency always and everywhere to oppose any changes in the routine of public service even after the value of the same has been demonstrated by private enterprise?

Suppose that the city governments years ago had taken possession of the street car service with the outfit of horses, drivers, stablemen, etc., all in the government employ. What chance would there have been for an inventor with a proposition to substitute the cable traction? What official superintendent would recommend the change in the first place, and what councilmen or aldermen would vote for the appropriation necessary to place the cables, supply the power, fit up the cars and at the same time sacrifice the horses and stablemen? But suppose all this was accomplished with the cable system, giving better service, and another inventor comes along with the plans for the electric lines; could there be the slightest possibility of getting the second change with all the investment needed while sacrificing the cables?

It is well known that these changes were made in the large cities, and it will easily be remembered that it was in the face of bitter and determined opposition from the government officials and a great majority of the people. The electric service was specially condemned as a constant danger to life, and riotous demonstrations against the system were common. But in this as in other great improvements the value was soon demonstrated and the results accepted.

Here may be noted a phase of human nature that accounts for much of the more recent criticism and unrest. It is well expressed in the homely saying that "much always wants more." In the early days of horse cars, people were greatly pleased with the service. No one thought of finding fault with the slow motion, the crooked rails, the rattling doors and

windows or other details, while the straw piled on the floor in cold weather was considered as almost luxurious. For going any distance, no one objected to changing cars and paying the additional fares on the different lines.

But greed for gain was at work, and the street car managers wanted more profit. To get this they must induce more people to ride by offering better service. One of the early improvements was in the shape of heaters for the cars in cold weather, doing away with the luxurious (?) but usually filthy straw, and here began the fault-finding. The little stoves had their limitations, and were too hot for those nearest, while too cold for those further away. The companies spared no expense in testing different devices, but the fault-finding only increased. Then consolidations of shorter lines were effected, in spite of the anti-monopoly howling, which enabled the roads to offer the inducement of longer rides for single fare. With this came more trouble, because the public wanted more transfer privileges covering more lines and longer routes.

The companies kept on in their greed for gain with their policy of more improvements for better service to attract more patronage. Money was poured out lavishly for the changes from horses to cables, and from cables to electricity, when it was shown that the cost could be reduced so that more passengers could be carried for longer distances to increase the earnings.

In view of what has been done during the past twenty-five years, who will venture to say that no further improvements are possible?

Who has benefitted most by the improvements and changes? Do the street car companies pay higher rates of dividends or earn more for the capital invested than they did with the primitive horse car system? Well, possibly a little; but the lines are now controlled by strict regulations enforced by state or municipal authority, with the object of holding profits down to limited figures. In fact, practically all the benefits of the street car improvements have gone to the public in better service.

Then, of course, as reasoning beings, the public must appreciate and honor the enterprising managers of the companies whose brains, energy and capital gave such results.

Well, if you think so just stand on the street corner, where half a dozen persons have been waiting more than sixty seconds for the next car, and listen to their remarks about the outfit of the road from top to bottom and the personality of the management individually and collectively. And all are terribly in earnest with their alleged grievances.

The practical question is, however, would public ownership result in further improvements with better service or not? The comparatively insignificant item of profits as compared with total expenses might easily be made to disappear; but, assuming a large measure of regeneration for public officials as we know them, would the present small margin for profit be more likely to be religiously used for giving better service, or would it go into increased expenses with poorer service?

## CHAPTER XI.

### THE ECONOMIC STONE WALL FOR SOCIALISM.

**Enormous Increase of Wealth Production Called for—How will it be Provided?—The Share of Capitalists—A Fiat Wealth Suggestion—The Grand Ideas of One Reformer.**

In all the various phases of socialistic theorizing there is one point on which all are agreed, and that is the weird and wonderful powers of the thing called government. All the problems and all the difficulties of detail are simply waived aside to be turned over to the government. In ruling, this government will be despotic without despotism, tyrannical without tyranny, centralized without centralization, and in fact combining all the features that can be suggested to meet the ideas of those who want a change.

Some of these discrepancies in the ideals have been briefly outlined in the preceding chapters, as well as some of the economic principles involved, and the intelligent reader can easily fill in with thousands of examples in the way of proof.

Some will, no doubt, at once quote numerous examples to the contrary as disproof. If it is said that fortunes are evidence of larger benefits given to the public, then will come the list of familiar names whose fortunes were acquired by speculative gambling or different questionable means down to plain, criminal robbery. But when all these are counted they will still be, in comparison with the whole, the few exceptions that prove the rule rather than arguing against



it. They will stand for the unpleasant side of human nature or the worst forms of greed that it is the province and duty of government to suppress as far as possible.

Now a few words about the economic phase of this mystifying socialistic government. It is promised to supply and furnish everything that is good for humanity. There is to be an abundance for all, so that no one shall know want. Government is to find ways and means for all kind of enterprises and improvements, reward inventors—perhaps—make and supply machinery, see to it that there is employment and a good living for all, educate the young, provide competence for the old, and so on for pages of other promises according to the flights of fancy of the socialistic apostles.

Now all this calls for a tremendous total of solid, substantial wealth of products, not to speak of money, and the flippant doubter will ask: where are the supplies of all descriptions to come from?

The usual socialistic answer is something in the way of counter questions. The government is all-powerful now, is it not? The government in an emergency can take the property and the lives of the citizens, if need be, for common defense by the law of self-preservation. Then, can it not take all the wealth needed for other purposes? The government can issue money or promises to pay and make them legal tender. If it owns everything it can use everything, so there is no trouble about the power to supply.

This is as clear and convincing as all the rest,

with about the same logical jumbling. The government can take and use what is already produced, but then comes the question of future production. The taxing power cannot be used when there is no one to tax and no private property to take. If production is to continue there must be substantially the same organization as at present. There must be general directors, managers, superintendents, foremen and bosses with some kind of titles, but doing the same work of managing as under the present system. These in numbers would about equal the present capitalistic robbers whom they would displace, so that there would be no increase to speak of in the working force.

But the socialistic reformers promise to provide for the millions who are destitute, and to give much more to the great majority who must now be content with the little they are getting. It is needless to say that such increases quickly figure up to surprising totals. No good socialist would think of promising less than double the present share of wealth received by the toilers, while some argue that eight times as much would not be unreasonable when the robber capitalists are abolished. If the luxuries now produced for the capitalistic robbers and the idle rich were all shut off and did not go to the government officials and bosses, so that the workers in these lines could be turned to the other lines for the commoners, they could not add much to the total production as the statistics of industries will easily prove.

The permanent forms of wealth in buildings, railroads, land values and public utilities generally, even

if all were confiscated by the government, could not add materially to the wealth production for current wants. The values could not be mortgaged because there would be no one to lend. The capital needed for industries or for any possible changes must come from the products of the actual workers. With the discipline of the working squads and the enforced equality of government uniforms, rations and sleeping-bunks, considerable could be saved from the labor production. But socialistic promises do not mention this feature. They hold out the allurements of better conditions for all with the best none too good for the labor which produces all wealth.

Where, then, will the supply of from two to eight times the present production come from? The government must have it before it can be distributed. Greedy capitalistic robbers might suggest more machinery or still better systems, but they are barred out and must get into the ranks.

The only possible answer must be that the toilers must do two to eight times as much work as they are now doing, or if they cannot do this, then the government must take two to eight times the share of the product that is now taken by the capitalistic robbers.

This is the economic stone wall that socialistic theories cannot get over or break through. Before more wealth can be distributed to those who now get less, more must be produced. The total production is now regulated for the demand as nearly as the best intelligence of capitalistic greed can figure it, and in the main it is fairly distributed. For the great

increase wanted either the workers must work more hours or else they must accept less for their share of the product, which would be equivalent to less wages in the socialistic bread-ticket currency.

But there is the share now taken by the capitalistic robbers, will not that give all the additional supply needed?

Yes, it will not.

But there are United States census figures for 1905:

Value of products for the Manufacturing industries.....	\$14,802,147,087
Total wages paid .....	2,611,540,532

Does not this show that labor receives less than one-fifth of the product it creates?

According to the characteristic way in which the high-minded socialistic authorities quote the figures, it might appear so. But in the same column from which these figures are taken there are other items as follows:

Salaries, officials, clerks, etc. ....	574,761,231
Miscellaneous expenses.....	1,455,019,473
Cost of materials used .....	8,503,949,756

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Total .....	10,533,730,460
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Adding this total to the sum of the wages paid and deducting the whole from the value of the products, gives a margin for the capitalistic robbers out of which must come all the general expenses, interest on capital, etc., the sum of

\$1,656,876,095
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The total capital invested being

\$12,686,265,673
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This makes quite a different showing from the deliberate trickery of the socialistic figuring to make it appear that the capitalistic robbers take four-fifths

of the value of the production. The actual margin for possible profits is but little over ten per cent. For an accurate analysis there would have to be a further allowance for duplicating values in cases where the product of one industry furnishes the materials for another and so is counted twice in the total for all. Other allowances for other necessary expenses would easily bring the margin for net profits well down to the normal interest rate on the capital invested, which is in exact accordance with the facts as all business men know and understand, the big profits being always exceptional.

Then there is the item of "Cost of materials used." Surely the materials did not produce themselves or prepare themselves for use, and they must represent a large element of labor for which wages were paid. It is safe to say that the net profits for those engaged in preparing the materials for use do not vary much from the general average, but something might be claimed in the way of a saving if the government had control of the fields, the forests and the mines, and so for a liberal estimate we might take as high as one-quarter of the value of the whole total of materials used (although this covers many manufactured products like lumber, iron and steel, leather) and assume that so much more could be taken from the capitalistic robbers. This would give about \$2,126,000,000 for the materials, which added to margin of \$1,656,000,000 for possible profits as shown by the census figures, would give \$3,756,000,000, which would be but a little over twenty-five per cent of the total value of the production of \$14,802,147,087.

It would be necessary also for the government in some way to accumulate a store of supplies approximately equal to the capital now employed in carrying on the industries, because the workers would all have to be cared for with food, clothing and shelter, and the officials would necessarily provide themselves with some additional comforts. The wealth production of labor in agriculture would show a larger margin between the wages paid and the value of the product than in manufacturing, but here the wealth comes directly from the forces of nature, and there is more uncertainty as to the results. There may be bounteous harvests or crop failures with the same labor, and there is no way of estimating or regulating the supply with any degree of accuracy. But there are few complaints about swollen fortunes in agriculture, so it may be assumed that there is little of the wholesale plundering by the robber capitalists. There are charges of robbery in the transportation and marketing, but in the worst view this would be minor as compared with the value of the whole product.

The question in this connection is: how could the general production be increased to give the supply needed for the grand distribution by the beneficent socialistic government? Again the answer must be: more work for the workers, cultivating larger areas, or more taken by the government officials, leaving less for the workers. The possibilities of saving by doing away with the capitalists would be smaller than for the manufacturing industries.

Taking the most roseate view possible, and assum-

ing that extraordinary ability on the part of the government officials would save the amount, from one-tenth up to one-quarter, now taken by the capitalists, how far will this saving go towards supplying the much greater wealth needed for carrying out the splendid promises of less work, more wages and unlimited abundance for all, with the triumph of socialism?

Just as a trifling detail it might be asked how the production would be regulated in the different lines? The great problem for the capitalistic robbers in business and industries is to market the products and avoid making more than the demand calls for. The goods must be made up long in advance of the season when they are wanted, and how will the socialistic orders be given?

Well, a supreme grand council or cabinet of the Supreme Grand High Whatever-he-may-be-called, made up of Supreme Grand Directors representing all the different industries, could consider the matter and arrange for dividing up the population into groups and sections, the numbers of which would be ordered to report to the managers at the different places where they would go to work as directed. If mistakes were made in the figuring so that too many were ordered for raising wheat or grinding flour, there might be shortages in the supplies of shoes or hats, or clothing or other necessities. This detailing, so that all should have work of the kind they enjoyed and the production be exactly balanced in all lines, would stagger any collection of capitalistic robbers, but it would, no doubt, be child's play for the wonderful socialistic government that would be all-powerful and all-wise.

There is one other suggestion that might help out. Some years ago we had the legal-tender or "fiat-money" question in political campaigns. It was argued then that the fiat of the government stamped on paper was value enough for any one, either capitalist or worker, and that the promise to pay gold dollars was unnecessary. Why not adopt this same idea for socialism and have fiat orders for food, clothing, sleeping-bunks and supplies generally? Any good socialist ought to be satisfied with a fiat bread-ticket, instead of the real bread, in case the Grand Director of the Bread Department had miscalculated and run short in the supply; and the same with other articles. Fiat bread might not be filling for the interior, and fiat clothing might be cool and airy for the exterior, but heroic faith in the government should make them satisfactory.

Such fiat power is trifling in comparison with many other of the omnipotent features claimed or promised for that wonder of wonders, a socialistic government. The more you think of it the more there is in this fiat idea as an improvement on all previous socialistic theories. Have a government with faithful believers, and fiat orders for all the necessities, comforts and luxuries, as well as for buildings and transportation, and there you are! Wage slaves are emancipated, toil is abolished, all wants and desires are satisfied, all happy and free from care, nothing to do but think high thoughts, and human existence one grand, sweet song. Who could hesitate in joining the propaganda for the triumph of socialism?

Is the foregoing an overstatement of the vagaries of the socialistic theories? Listen to what one of the



shining lights of modern scientific socialism has to say. After referring to some of the results from inventions, utilizing the forces of nature and organized methods, and proving in the characteristic way that labor is robbed of seven-eighths of the wealth it produces, he continues:

"But if the labor of man has grown so fruitful in every field; if he is able with the same expenditure of effort to create eight times the wealth his forefathers could create, then should he receive just so much more wealth in return, or he has a right to think that he is wronged. This wealth, now so rapidly created in every field, is after all, that of which the real wealth of the world consists, the possession of which means ease and comfort, or the lack of which means starvation, despair, and death. If, then, I, standing at a modern machine, can produce eight times the wealth, on the average, that my ancestors could, then should I, working the same hours as they, receive just eight times as much in return. Or, should I choose leisure rather than abundance, I should be able by working one hour to their having worked eight hours, to nevertheless live as well and as comfortably as they. Progress should thus mean to man leisure and plenty; a care-free life and the utmost abundance."

After some further alleged arguing to show how labor is robbed and oppressed, we have the following:

"Labor then, today, what with our enormous progress in labor-saving inventions and methods, creates, as we have seen, eight times the wealth it could create one hundred years ago. We have seen, too, that the toilers of a century ago received a living; and the toilers of today receive no more."

If this is scientific socialism, is it any wonder that common sense laughs at it? If "I, standing at a modern machine, can produce eight times the wealth," who or what makes the difference, is it "I" or the machine? Then where did "I" get the machine to

stand at? Did it grow there or did some one labor for years in inventing and perfecting it, and did the capitalistic robbers build it and set it up with the power to run it and instruct "I" how to use it to get a particular result in the product?

Furthermore, if "I" get eight times the wages for eight times the production, how can there be anything for the public in lower prices when the labor cost is the same? If there are no lower prices how can the increased production be marketed? In plain English and in any common-sense view, this scientific, high-minded denouncer of capitalistic robbers and commercial greed proposes that the toilers, so called, who "stand at the machines" shall take forcible possession of the same, and rob all the other toilers who had a hand in making and setting up the machines, not of a part, but of the total of their product. He also proposes that having taken the machines, these toilers will proceed to charge eight times the labor cost of the products and make the buyers pay. This would surely "mean leisure and plenty; a care-free life and the utmost abundance." Such a prospect must make any greedy capitalistic robber fairly gasp, and hate himself because he has so long overlooked the splendid possibilities for plunder as set forth by the scientific socialists.

Finally, note the really charming logic of the statement that the toilers of a century ago received a living, and that the toilers of today get no more.

Quality cuts no figure with this brand of science. The free-lunch-counter feed gives a belly full, and the ten-dollar-a-plate-banquet can do no more. The

blanket and breech-clout cover nakedness, and the swell tailors' productions can do no more. The dug-out or wigwam keeps off the rain, and the grand palace can do no more. The sick a century ago lived until they stopped breathing, and with all the advance of medical science the sick of today can do no more.

It is perhaps needless to add that this particular "scientific gent" finds that all labor is being oppressed and plundered, and that all the wealth of the country is being concentrated and held by a few of the gigantic robber capitalists. Naturally also he ridicules all other propositions or plans for reforms, and has ideas of his own which he would like to have the despotic power to enforce. He would have the toilers take possession, forthwith, of all the industrial establishments and organizations, without any nonsense about payment, and run them as partnerships, the toilers in each electing their own bosses and managers. This is "The Coming Revolution" promised, which will give the toilers eight times the wages and the products at one-eighth prices, organization with despotic powers for enforcing obedience and no one obliged to submit.

Poor old Jack Cade, according to Shakespeare, was a reformer in his day when he promised that all penny loaves should be sold for a ha'penny, that all pint measures should hold a quart, that no tapsters should be allowed to keep reckonings, and sundry other equally attractive regulations against the rich robbers. But Jack Cade, in his limited way, never could dream of the rainbow promises of impossibilities as set forth by the hysterical advocates of modern scientific socialism.

## CHAPTER XII.

### PROFESSIONAL AND AMATEUR SOCIALISM.

**Qualifications for Criticism—Profit for Professional Reformers—  
—More Danger From the Zeal of Fanatical Believers—  
The Results Wanted and How to Get Them—General  
Grant a Military Monopolist.**

It is a curious phase of human nature to note how much more some people know about other people's business than the other people know themselves. It was remarked by a railroad official at a recent legislative hearing that it was unfortunate for the great railroad interests of the country to find the best railroad managers (as proved by the criticisms) engaged in practicing law or some other occupations. Every man knows how to run a hotel better than the proprietor. The sidewalk committee of gazers can point out the blunders of the architect who is putting up the building, etc., etc., etc., for several chapters. So in the industrial world progress and wealth production, with business management for the larger and grander results, must go blundering along because the brightest brains with the acme of knowledge are engaged in tutoring at colleges, writing novels or preaching to small and poor congregations, where they never have a chance to show what they could do or prove their abilities as great leaders. But they can all tell what should be done, and they can demonstrate that the real industrial leaders are all hopelessly wrong.

Then it is always easy and more or less profitable to be a reformer with an income from publications or speechmaking. Take up socialism, for example. No human being has any clear idea as to what is included in the term, so just advocate socialism or government control more or less, according to the occasion or the audience. Collect all the examples of wrong doing, public calamities, individual suffering, not forgetting the high-light contrasts with the pleasures of the rich; rake up everything from palace to tenement, and from earthquakes and conflagrations down to measles, chicken-pox, grasshoppers and hog cholera, and add as a comment on every incident: "All this would be changed with the triumph of socialism."

This will appeal to the ignorant, inflame class hatred, encourage arson, assassination, riots and bomb-throwing. It may frighten capitalists and paralyze industries with suffering or starvation for millions of workers or bring on a grand red revolution, but what matter? You gain notoriety, with some dollars. You are a self-guaranteed reformer, with "signature on the label." Then you may be assured also that when the grand "triumph" comes, though you hope it never will, your dupes will turn and rend you as they always do when they find how they have been tricked and humbugged for their own destruction.

If one-tenth part of what the reformers, for revenue only, so persistently urge was true concerning the capitalistic robbers, the red revolution should not be delayed one hour. But red revolutions are led by men with red blood, not by white-faced, intellectual freaks with fanciful theories of angelic conditions.

The mob leaders would be of the coarse, brutal order, worse in fact than the capitalistic robbers or the idle rich, and the aesthetic, literary shining lights would be tramped in the gutter by the mad rush for plunder and revenge of the crazed revolutionists.

Does it ever occur to this literary socialistic cult that with the triumph of socialism all high thinking would be an exclusive governmental function? Government control of industries would necessarily include control of all printing and publications. What would be the use of thinking great thoughts that had to die with the thinking? With any genuine socialistic equality, the thinkers for printing and publishing would be detailed by tag numbers to take their turn at high thinking and printing, after which they would rotate back again to the sewer-cleaning gang.

When printing came into use despots and officials generally realized the power that could be exercised by this means and lost no time in providing for regulating, restricting and, in fact, controlling all publications. It is needless to refer to the long struggle for free press and free speech in the progressive countries, or to the drastic rules for censorship still in force where more despotic power is retained. Can it be doubted that socialistic despots, once in control, would not exercise the same paternal guidance over publications to prevent the spread of error, of course, and insure the right kind of instruction for the people?

With partial, or the so-called scientific brand of socialism, which is to retain all the results of individual competition and destroy the competition at the same time, it is argued that there will be no material change

from present conditions further than that the government control will be so much better than the domination of the capitalistic robbers. The trouble now is, in plain language, that high thinkers, like common workers, have to hunt for jobs. Socialism promises that the government will furnish the jobs for all, giving a certain pay in bread tickets or supply orders, for certain hours of labor. These orders, it is assumed, will be liberal enough so that all who feel inclined may lay off from one-half to two-thirds of the working time and indulge in high thinking or high-class literary work. Isn't that charming enough to make any one a socialist?

But then that square-jawed, flat-headed, common-sense questioner comes up again and asks about those jobs. What are they, where are they, who is the boss, what are the regulations and what do we get? It does not satisfy him to say that the government will attend to all that. He wants something more than phantom jobs and fiat orders for payment. With all the greed for gain on the part of the capitalistic robbers at present, and all their plans for exploiting and robbing the workers and their eagerness to get more workers to rob in order to pile up more fortunes, yet there are armies of unemployed at times, marching and demanding work or bread. What kind of robbers are these who neglect such opportunities? All they have to do is to put the unemployed to work creating wealth and rob them of a share of product. It is no answer to say that the capitalists cannot sell the products, because every high-thinking socialistic authority knows that the products sell themselves,

and that the only question involved is capitalistic robbery. So if the robbers refuse to rob it is clear to the socialistic intelligence that they must be influenced by a satanic hatred which aims at nothing less than destruction for the workers. Why the robbers should desire to destroy the workers who produce the wealth to be robbed is not clear, and it looks like running up another logical stump, but then there is the government which will take care of all such troublesome questions and make all happy.

For the doubters who, somehow, cannot have this implicit faith in the government, there remains the questions about the jobs or the employment that is to be furnished for all who are willing to work, as well as the kind and quantity of the supplies to be served out in payment. If the socialistic authorities could only agree on some details, comparisons could be made to show just how much was to be gained for workers—as workers as well as consumers. Socialism promises work for all and a competence, with plenty of leisure for high thinking and mental improvement generally, and there it stops. Some novelists have given wings to their imagination for visions as to what might be, but with every line of promises there must be the cold-blooded question as to how it is to be done and who will do it, for which no answer is forthcoming aside from that deep and dark mystery called government.

But how account for the fact that so many excellent people above any suspicion of self-seeking motives are earnest supporters of socialistic ideas. They see the evils that are admitted, and are convinced that



socialism will furnish the remedy. Should they not be credited at least with their good intentions?

As previously explained, intentions do not count in the results. A policy of action in human affairs will work out precisely the same, whether the promoters were influenced by the highest type of philanthropy or a murderous spirit of destruction. Socialism on its merits would make but little headway, because it is opposed at every point to the common sense of humanity. The danger from socialism is mostly in the fact that so many well-meaning people accept the rainbow promises without taking the trouble to study the possibilities of performance. Socialistic happiness and perfection on earth are accepted in much the same way as religious beliefs in the heavenly glories of the hereafter. Religious belief, however, easily develops into the frenzy of fanaticism beyond all control of reason, with the rule of death for the unbelievers.

The amateur socialists in the excess of their sympathy for what they can see of suffering, easily become religious enthusiasts in favor of the promised changes and fanatical bigots against all arguments that question the object of their devotion. History is full of records of the actions of fanatics with the best intentions, who preach reforming crusades and attract armies of followers. The leaders demand action for reform and the followers, inflamed by the vivid stories of their wrongs, proceed to wreak summary vengeance, with all the wild animal savagery of mob violence and destruction. The leaders oppose this action, but are powerless to control the whirlwind of passions they inflamed.

Denouncing rulers is called criticism, but weak minds work out the results in assassinations. Amateur socialists denounce the greed of commercialism and the terrible robbery which should be reformed, but the followers who accept the teaching will not be restrained from acting for the ruin and destruction of a red revolution.

When even high government officials feel called upon to make wholesale attacks on industrial leaders because certain evils are charged against a few, the results in paralyzing industries and bringing panic conditions, with all the misery for the millions of workers, are just as certain and positive as though the attacks were made by a foreign enemy for intentional destruction.

The amateur or parlor socialists, as they have been called, profess to know nothing about business or commercialism, although without the support from commercialism these thinkers could not exist without perforce taking their places in the ranks of the laborers. They see a few individuals with evidences of success in the large fortunes accumulated, and forthwith class these as robbers on the absurd assumption that such fortunes could not be acquired honestly. Their socialistic zeal for reform centers on these fortunes, and they tremble for the liberties of the people endangered by the domination of such fortunes.

These self-satisfied authorities know nothing of the toil, energy, endurance and privation which laid the foundations for the fortunes, or the work of building up the business enterprises which the fortunes represent. They know nothing of the business trials, of

the times when credit was strained, and bankruptcies threatened, if indeed assignments were not made and compromises with creditors; nothing of the losses from blunders of employes, to say nothing of occasional dishonesty; nothing of the hundreds of competitors who started on equal or more favorable terms, but who failed to keep up and went down with big losses. These losses for the failures would total up to as much or more than the fortunes of the successful ones.

If it is decided that there shall be a limit to fortunes, and that at any fixed amount a man must stop accumulating wealth, what does it really mean? Is it not that the business enterprises in which he is engaged must be suspended or else turned over to less competent management? Would such action benefit the public as consumers, or the workers as employes in any case?

Taking the general rule and not the exceptional cases, why do some men accumulate wealth so much faster than others? Is it not because they make better use of the capital invested for better results? Investors are always anxious to put their money in charge of the men who have proved their ability to get the best results, either as individuals or at the head of big corporations. Best results mean best service for the public whose patronage makes the business and the profits. The men who control wealth, speaking generally again and allowing for the exceptions, are the men best fitted for control, because they give the best results in wealth creation and corresponding profits.

When Abraham Lincoln was president, he had an object to accomplish in ending the war. He had armies of fighting men and a good outfit of generals. For three years the generals were using the soldiers and working in what was equivalent to open competition. Finally one general, named Grant, showed some very good results in the successful campaign at Vicksburg. President Lincoln decided that Grant was making better use of the men and materials than the other generals, so he called General Grant to the command of all the armies. That is, he suppressed competition and made General Grant a trust monopolist in the military line, with the results as known. In the meantime, it will also be remembered, there was no lack of protests from other generals whose opportunities for glory were thus cut off. In fact there were patriots who demanded more power for interference, for congressional committees, and foresaw a military dictator in General Grant, with the usual destruction of the liberties of the people.

In the industrial world, whether railroading or other lines, there are some men who are naturally qualified for developing leadership. They have the same means in capital and labor as the others, but they get better results. The investing public, in place of President Lincoln, recognize the ability for management which brings the results, and the successful ones are given control of more capital and labor, which is withdrawn by failure or otherwise from those who could not make the profitable showing. President Lincoln wanted the war to end with victory. The public in industrial enterprises want the best service

and best products at lowest cost. President Lincoln rewarded General Grant by promotion to larger commands. The public rewards the successful industrial leaders by larger patronage, which means larger volume of business and larger profits.

General Grant, with his monopoly of military command, had the power to destroy the Capitol at Washington, wipe out cities at his will, and enslave the people. Industrial leaders have power for extortion, injury and destruction, but is it reasonable to argue or even to fear that they will use their powers in this way? When General Grant was in command, President Lincoln was not worried by any fear that the armies would be surrendered to the enemy. Is it any more likely that industrial leaders who have won larger control because of their ability to give better service to the public would turn round and attack the public by extortionate methods, which would soon give the control to others?

In short, with due allowance for all the evils proved or suspected against a few individuals in control of large capital or corporate interests, is there not—in the broader view—an immense amount of humbug in the professed fears of the professional fearers for the dangers to the liberties of the people from the industrial leaders who have won the commanding positions by their ability to give best results in serving the public in their respective lines?

## CHAPTER XIII.

### THE DESTRUCTIVE SPIRIT OF SOCIALISM.

**The Changes of Fifty Years—What Labor Unions Can Do—  
The Demand for Pulling Down no Matter What Comes  
After—Greed Wants More, but Jealous Envy Would  
Destroy All.**

To sum up a little from the foregoing, there are the facts admitted by all of the astonishing development in recent years, the vast increase in the wealth production, giving more to be divided, and the great improvement in the material conditions of human existence. The common sense of humanity recognizes all this, and is willing to give all honor to the individuals, acting either singly or in combination, who made the results possible. The question at issue is on the distribution of this wealth created so that all may have what is considered to be a fairly equal share.

The claim of the reformers is in effect, that the grand benefits from the increased wealth creation are being absorbed by the capitalistic robbers, and only a few of them, while the workers who produce the wealth are being crushed, so that the conditions for them are really worse than in former times when there was no such concentration of wealth for the rich few. The swollen fortunes are a gigantic evil that demands reform, etc.

For any fair investigation along this line it is necessary to make comparisons to find out how conditions are changed or changing. Suppose then we take just

a few comparisons for fifty years back or during the time when the biggest of the big fortunes have been accumulating. Can any one question the value of the results? With inventions and organized effort the wealth production of the United States has increased over five-fold in three decades. Instead of the oft-repeated falsehood that the rich are getting richer and the poor poorer, there are the facts of the wonderful improvement for all, such as would not have been dreamed of half a century ago. Compare the conditions of even the lowest beggars and note how the ideas have been changed. Instead of the poor little pennies, the dry crusts and the bundles of straw on cold floors, the modern beggars expect dimes or dollars. If they stand in the bread line they look for reasonably fresh loaves of bread. For the night they want reasonably good tenements with sanitary regulations, and fairly comfortable beds or bunks at least.

Note for example, also, the numbers engaged in domestic service, without unions or any outside protecting influence; how do the wages and toil in this service compare with fifty years ago? Is there much evidence of robbing the toilers there?

Fifty years ago the ordinary laborer was paid one dollar a day for twelve to fourteen hours, with many at lower wages. For money or capital, on the other hand, the normal interest rate was 10 to 12 per cent and business or industrial profits had to be correspondingly more.

At present, with the working of capitalistic oppression, the same class of laborers get three dollars a day (or over) for nine or eight hours, while capital, in

what is considered safe investments, gets less than 4 per cent. Does this show oppression for labor as compared with capital or not?

Just as a side light on the picture of the oppression, try to imagine labor unions organizing fifty years ago with even a fraction of their present demands. Try to imagine, also, a delegation of labor representatives going to the British Parliament or the American Congress fifty years ago as they are doing now, demanding special legislation as against the laws to which the general public must submit, and threatening dire results if the demands are not granted. Does the contrast show more oppression or not? Suppose we say that labor forced all these concessions from unwilling capitalists, the fact remains that the capitalists had the increased wealth from which to concede. Fifty years ago capitalists could not give up what they did not have, and the modern demands of labor would have been preposterously impossible.

Now as a fair, honest question for any reasoning human being to answer candidly: Is this change in the conditions, with the larger volume of wealth to be divided up, due in any sense whatever to any action of labor or labor combinations or socialistic advisers? Is it not a fact, beyond all dispute, that the inventions, the machinery, the methods, the systems and the combinations for increasing the wealth production were introduced by the capitalistic management and opposed at every step by the labor champions as destructive to the interests of labor?

No one can rightly blame labor or labor organizations for trying to get more. The same greed for gain



or desire for better things in their case works for better conditions of living and general progress for humanity. The only criticism must be against demanding more than it is possible to give, or interfering in the management of the employing concerns. Unless the capitalists can find means for creating more wealth they cannot give up more. In non-progressive industries or non-progressive countries profits, as well as wages, must be stationary, because all the powers of all the combinations cannot get something out of nothing. That can come only from the creative genius of the inventors or managers which is stimulated by the same old greed for gain and the reward of big fortunes. The more intelligent of the labor union leaders are coming to a better understanding and recognition of this common-sense business principle, and are using all their power to prevent unreasonable demands, as well as the wasteful and destructive strikes which leave just so much less wealth to be divided up. In ordinary conditions, without the improvements, there is the automatic adjustment of profits and wages; and if labor insists on too much the business must stop either voluntarily or by the action of the sheriff.

Some of the modern socialistic authorities—with intelligence enough to condemn the enforced equality ideas on the penitentiary model of tag numbers, rations, striped uniforms and cells as the best system for humanity—still rail against the big fortunes and the profits of the greedy capitalists. They admit the immense advantages of the present social organization and would simply replace the capitalists by government officials as directors. These directors, they say,

might be elected for each industry by the workers, or they might be appointed by the ruling authorities. They would have the factories and farms, the stores and storekeepers, the transportation all the same, but all would be at cost with no profits. The detail of this plan as set forth is, that the workers shall take possession by a revolutionary movement throwing the capitalists out, on the theory that the latter have robbed long enough and must be satisfied with what they have previously stolen.

Where will the profits go?

The answer would depend on the audience. If talking to workers, the profits will go to more wages; if to the general public, the profits will all go to the buyers in lower prices. Anything to please or humbug.

Then how will the establishments be run for the buying and selling, or how about new industries that are constantly starting up with new products in new lines, or how about improvements or developments generally. Then there is the trifling matter of the election or appointment of the outfit of managers, superintendents, foremen, bosses, etc., needed in every industry. Would these officials look more to promoting improvements or to scheming to hold their positions against the pressure from the common workers to get in? How will it all be arranged for?

Oh, these are simply questions of detail that will be managed somehow by the government, and it won't matter much anyway so long as we get rid of the capitalistic robbers and their fortunes which they flaunt in our faces.

This is in effect the demand from some of the high-

thinking, superior beings who so contemptuously denounce the sordid, soul-destroying greed of commercialism and the hog nature of the millionaires!

There are varieties of socialism and socialists, all professing philanthropic motives and grand ideas for uplifting, but one and all agree that there must first be a pulling down. Through all the variations of socialism, down to bomb-throwing anarchy, the one characteristic common to all is jealous envy of the more successful. Some point at the multi-millionaires while others rail at the smaller fortunes and include all the people who live comfortably in the general condemnation of predatory wealth and the criminal rich. The underlying motive for all the pretended philanthropy is this envy, the meanest and lowest of all human passions. From this jealous envy comes the mad impulse that would destroy without limit, and plunge itself into the common ruin, in order to work injury to the object of its spite. The vitriol thrower and the assassin sacrifice all to the hate for the victims, and the socialistic haters of all degrees find congenial brotherhood in the anarchist destroyers with their torches and bombs.

Greed in its meanest manifestations is a grand virtue in comparison. Greed wants more and tries to get more, but it never seeks to destroy. It is essentially constructive in its efforts to get more and keep more, and the victims of its worst oppression are permitted to live. In the worst phases of the alleged capitalistic robbery of labor there is something given to the workers, generally more than they were getting

before, and there is a positive wealth production that must be of general benefit.

The jealous envy of anarchy and socialism will not tolerate questions concerning details or results, but demands the overturn and destruction first, after that the deluge or anything that may come. The old cry of "Death to the aristocrats" is changed to "Damn the rich," and the howling mob follows. What other human passion would inspire the Karl Marx declaration:

"We content ourselves at present with laying the foundations of revolutions, and shall have deserved well when we shall have excited hatred and contempt for all existing institutions. We wage war against all prevailing ideas about religion, country, state and patriotism."

This is the theory and promise of socialism. Destruction always, progress never.

\* There is a jealous, hog nature that would overturn the trough for all rather than see some get a little more. In comparison with this there is positive merit in the greedy hog who will squeal for more supplies in the trough even if he crowds the others a little when the feed comes. Some well-meaning individuals may be misled by the socialistic visions, but the facts remain and the eternal verities cannot be changed.

## CHAPTER XIV.

### SYSTEM OF THE NATURAL ORDER.

**Infinite Variety Everywhere and Use of Brain Power—Example of the Great Steamship—How the Equality Theories Must Work in Practice.**

It must be evident to any one who will give any attention to the facts of human history that the creative power of wealth production is in the brains and not the brawn of humanity. Even in the animal kingdom the instinctive brain action of the smaller species is a protection against the muscular power of the larger. There is the proverbial cunning of the fox, the wariness of the wolf and the fleetness of the deer in contest with their natural enemies on one hand, or their natural prey on the other. Why were all these conditions so ordained? Why do the wild animals gather in herds with the acknowledged leaders to whom the others submit? Just think along this line for a moment of the merciless cruelty of the struggle for existence in the air, on the land and in the seas. And then comes man, the ruthless and reckless slayer and destroyer of all the lower orders.

The normal human being finds beauties in nature and sees the lower orders disporting themselves in evident content. As he learns more of the infinite variety, the exquisite details, the adaptation of each for all, the systematic arrangement of every form of life and every atom of matter, he is lost in wonder and admiration for the Supreme Ruling Intelligence that

created all. But there are other super-sensitive souls who are blind to all the beauties and perfections, and see only the horrors of the killing and devouring. They grieve and mourn, and if they could have their will would recreate the world.

In human affairs the same abnormal fault finders seek out cases of evil and injustice while ignoring all that is honorable and sympathetic, and all that makes for the comfort and happiness of the whole. They deplore the inequalities. Some succeed while others fail, and the good things of life are not fairly distributed. So they would have a dead level of uniformity. They would have the earth's surface a flat plain with one kind of vegetation and one kind of animal life with no devouring of one kind by another. Then there would be one type of human beings, equal physically and mentally and content with existence like a herd of cattle.

This idea may be attractive for some, but whether for good or bad, the Creator of the Universe did not ordain it so, and as the finite minds of even reformers have no omnipotent powers, the infinite diversity with all the varied and varying conditions will remain for all vegetable, animal and human existence.

But there is another view. The reformers rage at the inequalities. Why? Because they think they are not getting their share while others are getting too much.

What is the name for this feeling? Is it not plain envy or jealousy?

What do the reformers promise? Why, to make a redistribution, that is take from those who have and give to those who have not.

What would this be termed in ordinary affairs? Why, just plain greed of the criminal, robber variety.

Then the truth is that the reformers make their appeals to the envy and greed of the have-nots for the ostensible object of punishing the greed and arrogance of those who have. In other words all the high minded pretensions of benefit to humanity are nothing more nor less than reverting back to the animal savagery of taking everything in sight that the possessors cannot defend or protect. And this is the so-called remedy for the evils of sordid greed!

If a real reform is desired for humanity would it not be much better to attack and eliminate envy and jealousy, which are always destructive without regard for consequences, than to undertake to do away with greed which is essentially constructive and works for better results?

But what is the application of all this? What has it to do with economic principles? Simply this. The inspiration or moving force for all that has come in the way of benefits to humanity is greed for gain. The opposing force that has hindered or blocked improvements all the way through is the envy that would pull down the successful ones or prevent their gaining some share of reward for the improvements they introduced. Animal instinct in the herd rewards the victor in the contest for leadership, and science says that this is the basis for the theory of evolution by the survival of the fittest. Human reformers say that the victors in the contests for leadership must be condemned or destroyed, and the control given over to the vanquished or less competent. Which is the

more reasonable, and which idea will work out the better results?

Here is a great steamship moving in defiance of the hurricane fury of wind and waves. With all its splendid outfit and furnishings it may be taken as a superlative expression of the result of human creative intelligence. From the preparation of the materials to the planning and building of the ship, the motive power, the organization and discipline of the crew, the service provided for passengers and the command of the captain in control there is the development of the best intelligence and co-operative effort. The captain in command is an example of the possibilities of human power. The great ship with all that it contains responds to his slightest wish and obeys his every order.

As the great steamship holds its onward course with all its power there is seen on the face of the waters a tiny speck which is found to be a human being afloat on a rude raft.

Here is the contrast between savagery and civilization. Is the steamship a benefit to humanity as compared with the log raft or not?

The savage on his raft who was rescued from destruction is physically equal if not superior to the captain. He worked harder in paddling his raft than the captain did in moving the levers to give his orders. So according to the socialistic formulas he should receive more for his labor than the steamship captain who is responsible for the safety of hundreds of passengers and millions in value of cargo.

Then consider the steamship as a small world of



itself. The captain issues peremptory orders and discipline is maintained with each at his place down to the coal passers who feed the furnaces. The passengers know nothing of managing the ship, but some of them have great sympathy for the deck hands and the coal heavers who are forced to obey orders and toil to the limit at their tasks. These passengers have conferences to denounce the tyranny of the captain and the officers. They tell the deck hands and the coal heavers that the ship could not be navigated without their services. The captain simply orders, while they supply the real power that runs the ship. Why should they submit to the oppression of the captain and officers? Why not mutiny, take possession of the ship and throw the officers overboard? Then hoist the signal:

"All running of ships is the work of the crews.  
All ships should belong to the runners thereof."

Suppose that the crew act on this suggestion and the ship is left without intelligent control to face the storms and hold its course clear from rocky coasts, what do the sympathetic passengers gain and how much are the crew benefitted when the inevitable shipwreck comes? The tyrannical captain is gone, and the crew are relieved from supposed oppression, but for what good?

It is a rather serious problem at present to determine as to how far the ship's crews and the industrial workers are likely to be influenced by such counsel, and how far they will go in supporting measures that must surely work for their own misery and destruction.

## CHAPTER XV.

### GOVERNMENTAL POLICIES.

**Welfare of the People Means Wealth Production and Security of Possession—The Basic Principles that Must Govern—  
How Progress is Promoted—Practical Political Economy.**

The primary object of all government is to promote the welfare of the people. The most despotic as well as the most liberal forms agree in this particular, but there is a never ending procession of questions as to how this is to be done or what shall be done for the particular occasion. Political economists have puzzled through volumes to formulate principles which may be taken as a basis to work from, and yet, as has been shown, the results from particular policies do not come out as expected. The arguments of the authorities are logical and convincing, but the human element is perverse and erratic beyond the power of estimating.

But there surely must be some general principles that are basic and unchangeable. What constitutes the prosperity or welfare of the people and how is it promoted?

The welfare of the people first of all, means existence with food, clothing and shelter. The essentials for this existence come from the changes of materials in their natural condition to the forms suitable for use, which change is termed creation of wealth. Sometimes the forces of nature fail, so that there is a lack of food or vegetable products with the result of threatened or actual famine, but in general, the wealth sup-

ply depends on human efforts. The more there is thus created the more there will be to divide, and the more the general welfare will be promoted. So it follows that the prosperity of the people depends on the industrial production which in turn means employment and earnings for the largest amount of labor which will turn out the largest amount of wealth.

This is all clear and easy enough, but how will the labor be employed or directed?

In this simple question is involved practically the whole science of government or political economy, and the answer is the problem of humanity.

It will do no harm to repeat to some extent in reiterating the points to be considered.

There are the extremes of paternal government direction and control on one hand, and individual freedom of action on the other. Through long ages the idea has prevailed that the rulers should undertake to provide or regulate this employment, and it is only in more recent years that the individuals have had a chance to show what they could do. The despotic idea, now revived by the socialistic theories, holds that the government is all-wise while the people are all fools who must be controlled and provided for.

During centuries of Christian influence a perversion of the Christian teaching was a fierce condemnation of greed. Of course, greed remained with all its worst manifestations for the rulers, and even for the teachers, but greed for the common people was supreme wickedness. The greed thus condemned included all desire for better things or better conditions. Keep to your station in life as ordained by the Divine Will, and in

the class where you belong, with due humility and respect for your superiors. Be content with your lot and thankful for favors received. Such was the constant admonition.

Many of the older despotisms did their best to develop industries and often with very good results. But there was no freedom of opportunity. The work was ordered and individuals chosen for management in substantially the same way that the socialists propose as their last new discovery in human affairs. There was always the idea of government control, on the theory that the workers or the traders could not be trusted. Companies or favorites were granted exclusive rights or monopolies in different lines, and business was farmed out, so to speak, to the favored few. Small traders were treated as quasi criminals to be watched and detected. Laws were enacted regulating retail prices of commodities, weights and measures to be served, wages to be paid, character of the product, and all manner of annoying details. Up to 1820 England had over two thousand laws enacted to regulate the details of commerce and trading, and the results in almost every case proved evil instead of good. The laws, by the way, were particularly severe against partnerships and corporations which, it was assumed were conspiracies for plunder. The underlying idea of it all was to cut down profits for the benefit of the people as buyers or consumers.

But common sense finally prevailed over stupidity, for the people learned the lesson that they must be producers or earners before they could be buyers or consumers, and that the meddlesome laws which



attacked and repressed productive effort meant ruin for the whole instead of benefit. Most of the antiquated laws were repealed in England by 1825, but it was not until 1844 that full freedom of association for corporations was granted. Since then the spirit of commercialism has been free to work out the grand results to the limit of its ability. Instead of repression and disfavor, moreover, industrial leaders have been commended for success and specially honored with aristocratic titles.

The United States had much the same conditions as in England. The colonial governments all had their restrictive laws for business dealings, but these gradually fell into disuse, and the English lead was followed in giving the largest freedom for industrial development. There was an additional incentive here from the fact that with no clearly defined distinctions of classes, the highest honors, socially and politically, were open for all who could prove themselves worthy. The same old greed for gain was thus encouraged to the utmost. The bigger the fortunes of the successful ones the greater the stimulus for others to follow. The results as we have them are known to all.

Industrial leaders whose work has so uplifted humanity, and men of intelligence generally must wonder how the results that are so apparent can possibly be ignored and made to appear so different. They wonder why reasoning beings will close their eyes to the facts of the stupendous values created, and seek only for the defects. They wonder also at the prospect of harking back to the days of old King George for some of his legislation to suppress wealth

production by treating all producers and traders as criminals. Modern socialistic reformers would do better and go further back to the good old robber barons who knocked wealth producers on the head, and took the wealth without further ceremony.

Is that the kind of a change that the people want? It is the kind that is demanded, and much of the recent legislation is along this line. Railroads are attacked and punished by bills for rate reductions and injurious restrictions. Big corporations are also attacked with charges of extortion and excessive profits, and there is the wholesale denunciation of predatory wealth and the criminal rich. There are also threats of confiscation argued and supported with all old-time ignorance and stupidity of the Lord's anointed despots.

The province of government is first of all to give protection for the wealth produced, for no one will toil without some certainty of a reward. It is well-known that many parts of the earth, specially favored by nature with abundance of materials for wealth production, are industrial deserts, because this government protection is lacking. In some cases the officials, such as they are, have socialistic ideas about swollen fortunes, and confiscate wherever they find anything worth taking, which effectually suppresses industry or wealth creation.

Next to protection for property comes the freedom for all to work out their own ideas either singly or in any form of combination that will promise the largest profits, which means, of course, the largest results in the value of wealth produced. It has been clearly shown

that the creation of wealth depends always on the initiative of the individual, and so the largest opportunities should be given, no matter how the fortunes may pile up. If combinations large or small can do better than individuals, then by all means let the combinations do their best, for however big the totals may look the wealth will all be distributed in some way. The few cannot consume it all.

In the same line and to secure the best results it must be the duty of the government to provide equal opportunities for all. The general laws, while interfering as little as possible with the business activities, must see to it that individuals or combinations or classes will not have unfair advantages over others. This does not mean, as too often assumed, that the progressive concerns who gain a leadership must be held back or handicapped to favor the less enterprising, but only that all shall have an equal chance. The race must be to the swift and the battle to the strong until the end of time, but the start should be even and the weapons fairly equal. This principle is the basis for laws relating to common carriers or to public service corporations, but new concerns must be free to offer better service if they can. Sometimes monopolies are advisable, as for example, the toll roads maintained by corporations in districts where the government revenues are insufficient for the proper care of public highways. So there are political reasons for government postal service aside from questions of economy or possibly more efficient service with private control.

The common mistake is to assume that the government should not only provide for an equal start and equal opportunities, but that it should also aim to hold the contestants to the same pace or fairly equal results. But this would necessarily mean a halt for all progress, because improvements can come only from the ideas of individuals who expect some advantage for the same. The rewards in fortunes, or the very inequalities complained of, are the stimulus for all the improvements which ultimately must go for the benefit of humanity, and which taken together make the progress of civilization. If there was nothing to be invented there might be some reason in the idea of an approximate to an enforced equality, but with the possibilities open it is for the public good and the general welfare to have the system of reward open for all, leaving the inequalities to correct themselves by the continuing changes. There is a certainty furthermore that any system of repression, no matter how it may be organized, must give such powers to the rulers that they will perpetuate their authority and maintain inequalities by holding all that is desirable for themselves.

Another feature to be well considered in governmental affairs or policies is that while the creative genius is given to few human beings the power for destruction is common to all. The masterpieces of painting or sculpture, the splendid building structures or the more useful factory establishments for production, together with all forms of the wealth produced, with all the labor, energy and creative genius included, can all be wiped out by the dense ignorance or



crazed jealousy of the anarchist with his torch and bomb. So in the matter of legislation a fanatical reformer may easily prevail on unthinking associates to enact measures that will paralyze industries and work more wide-spread ruin than the dynamiter with his bombs.

In the industrial world there are times of booming confidence with all the industries stimulated for increased production, prices advancing with more employment and larger earnings for labor, and the largest measure of prosperity for all. Then comes a rumor or an unfavorable incident or a threat of some kind aimed at the leaders. At once there is doubt and hesitation. Each aims to protect himself against the threatened danger and a panic is started which sweeps millions to destruction and brings untold misery and suffering. There are the same people with the same conditions, the same natural resources and the same capacity for wealth production, but in a day all is changed as to the results. The workers are as willing and faithful as ever, the number of consumers is the same, but the human element asserts itself. The leaders are terrorized, and the instinct of self-preservation forces halting and shut-downs, with less employment for labor, lower wages, reduced consumption and all the misery of hard times.

The fanatics or reformers are astonished. They never intended such results. They sought only to benefit the unfortunates who were getting less than some of the others. They wanted only to check some of the leaders who as it seemed, were abusing their powers. But the mine explodes and the conflagration

destroys just the same. When the leaders who have proved their ability for leadership through the life and death struggle of competition are threatened or thrust aside what must become of the thousands of followers whose well-being and lives are committed to such leadership? Some of the fanatics will not be convinced even by the results. They say that the disasters will be a benefit in giving freedom to the followers from the tyranny of such leadership. The followers have been free to start out for themselves at any time, but they found better results from the superior ability of the leaders, and were generally content. The reformers insist that this was all wrong, and the socialist cult propose as an improvement to replace the leaders by making themselves government officials with supreme powers for ordering all the details, and enforcing a tyranny away beyond anything that was possible for the former leaders who could hold their positions only so long as they give better results to their followers.

It must be remembered always in considering policies for governmental action that the leaders are comparatively few, and that while they may be daring enough in planning and undertaking great enterprises, yet just in proportion as they are placed in control of larger interests they must be more cautious for safeguarding the same against losses. It is easy enough to excite the mob against the millionaires and threaten all kinds of attacks. The millionaires may have courage enough personally, but they must in ordinary prudence aim to protect the interests they represent. The example of one influences others all along the line, and so the blow falls with crushing effect on the work-

ers who are thrown out of employment by the orders for reduction and cutting down expenses necessary to keep on the safe side.

The conclusion as far as the question of directing the employment for wealth production to promote the common welfare according to any reasonable view of humanity and human conditions, must be:

**First**—No human being or special selection of human beings who ever lived or are ever likely to exist, can have wisdom enough to direct the affairs and actions of all other human beings.

The whole is greater than any of its parts, and everybody knows more than anybody.

**Second**—To get the largest and best results in creation of wealth for the welfare of the people, remove all restrictions or domination by any rulers or assumed leaders, and give the largest freedom for good old greed for gain to work out the results, with fortunes for reward of success, if need be, beyond the dreams of avarice.

The bigger the fortunes the bigger must be the benefits of which they are the measure.

**Third**—Do not let little foot hills of evils obscure grand mountains of benefit. Extortion or oppression at one point means surely and quickly more liberal offerings and more opportunities at another.

The great dominating force of the higher greed in the many will find remedies for the evils from the meaner greed of the few, and progress will not go backward.

## CHAPTER XVI.

### THE TARIFF QUESTION.

**The Principles Involved and How Wealth Creation is Affected  
—The Free Trade Argument and the Practical Results—  
Automatic Tariff Revision and Market Values.**

As wealth production is the basis for prosperity and welfare of the people, a good test for any proposed governmental action will be an inquiry to determine whether the measure will tend to encourage this production or whether it will discourage the investments needed and so decrease the total of wealth to be divided with all that is included for the workers. By applying this test to the important questions that come up much ruinous blundering may be avoided. As an example take the much-discussed and never settled tariff issue, and how does it work out?

It is a duty of government to promote industries and specially encourage development of new industries which will give more wealth creation with more employment for labor. For this end the despotic idea is to appoint managers and supply the capital, or else grant a monopoly to private concerns with bounty added sometimes for the product. The more effective modern way takes the form of a protective tariff on imports of the competing articles. This gives an incentive with an equal opportunity for any or all who desire to engage in the production. Without going into the free trade or tariff views as to whether this incentive should be offered or not, if the result of in-

creased production is wanted the tariff duties furnish the fairest and surest means for getting it.

It is often argued from a superficial view that those engaged in protected industries are made a favored class at the expense of the others, but this is the socialistic kind of logic, because the competition under any tariff duties is free for every individual on earth, and every dollar of capital, with the sole proviso that the establishments for the work shall be within the national boundaries. With this freedom of opportunity if some succeed more than others they are fairly entitled to all the success they can win. Whenever there are assertions about the excessive profits from protected industries it is either a clear case of misstatement or else the keen-eyed capitalistic greed of the world has overlooked such an opportunity for gain. A little investigation always shows that the figures for the alleged big profits cannot be verified. The invariable law in business affairs is that the bigger the profits the quicker the competition will come from others equally greedy for a share of the gains. The ease with which capital is moved gives a fluid characteristic, so that profits cannot long be kept above the common level for other investments, even if this policy is attempted by the biggest kind of trust combinations. This is the business law of gravitation that can never be set aside.

If the protective policy is decided upon one essential is that the duties be made high enough to give the incentive, otherwise they will be simply an added tax on the consumers without result. There is the well-known example of tin plate which for over thirty

years had a low rate of duty and nothing was done in the way of producing tin plate in the United States. It was not until the tariff of 1890 raised the duties that the industry was started which subsequently developed sufficiently to supply the home demand at lower prices and leave a surplus for exporting.

The economic view of protection is that there is always, even in prosperous times, a surplus of labor unemployed. This unemployed labor is a burden to be supported in some way by the labor that is employed and productive. If, then, with an abundance of materials at hand, this idle labor can be employed for producing a valuable product, the whole of that product, practically, is added to the common store of wealth to be divided. Hence it is that the matter of increased cost by reason of tariff duties, whether temporary or permanent, is a minor consideration. The consumers, so called, will get their share of the benefit in other ways that will more than offset any increased cost for the protected articles.

The free-trade argument against protection or government influence for forcing industrial development, is based on the idea that the people as a whole are buyers and consumers. Then it is argued, logically enough, that tariff taxes on the articles that the people buy must be a burden, and with high-tariff taxes the people must be impoverished and ruined. But there is no example in all human history of any such ruin to any country from tariff, while on the contrary there is always increased prosperity.

The explanation is that the premise as to the people as consumers is defective, because it assumes that the

people as buyers have some kind of a natural income without regard to production or employment. With this assumption, of course, tariff duties must be a tax and a more or less grievous burden. But where do the incomes or earnings come from? How much can the idle or unemployed buy and consume? In a system of education is it more important to arrange for teaching methods of saving when buying, or to provide instruction to fit the youth to become producers or earners, so that they can make their way in the world? It does not need much reasoning on this point to show that production is the important feature, and that it takes care of buying or consuming as the greater must include the lesser.

As a logical basis for the free-trade argument from the consumer's standpoint, the income must be provided for. It is not enough to show that some or even a majority are employed in profitable wealth production. It must be established that the laboring force of the community or nation is employed in productive work up to the limit of its capacity, with no unemployed. With such conditions it would clearly be a question of buying or exchanging for other articles desired at the lowest cost or the most favorable exchanges. Efforts to establish new industries in such conditions would surely mean taking labor away from the profitable production to engage in something less profitable and needing government support. If any country can be found where such conditions exist the free-trade argument is unanswerable. If, however, such conditions are manifestly impossible anywhere, then the argument is radically defective.

Just here it may be noted, also, that exchanging products, while generally desirable, adds nothing to the total of actual wealth, though it usually involves considerable gains for the business concerns which in their buying and selling do the work of making the exchanges. The wealth of a country must be created by the people themselves.

Take the example of a country where agriculture is the one important industry, as was the case with Canada hardly more than twenty years ago. It is evident that labor for agriculture can be actively employed only during the six months or less of the season, with six months of general idleness, aside from the number not employed at all and forced to emigrate. If this idle labor can be employed in producing other articles of value there is an absolute creation of wealth from the materials and labor that would otherwise be unused and worthless. Whether this product is valued in prices a little more or a little less is of small consequence in comparison to the actual value which is thus created and distributed in the community.

This is the problem that the Canadian Government worked out with remarkable success, as is well-known to all who have noted the progress during the twenty years. There were tariff duties, and bounties in addition, paid by the government on some products, notably iron and steel, with the object of forcing the development as a factor in the wealth production for the benefit of all.

Incidentally it may be noted, also, that in Canada no demagogue attacks are tolerated on railroads or centralized banking institutions, these being recognized



and appreciated at their full value as wealth-creating forces.

Instead of the ruin as argued from the burden of tariff taxes and the grand total of debt incurred for railroad building, there is the fact that the former migration of unemployed from Canada has ceased, and on the contrary there is the much greater movement of settlers into the northwestern provinces where the industrial development in recent years has been one of the world's wonders. No public man or no publication in Canada would dare to argue against these policies on the absurd basis that the people as consumers were being robbed by the protected interests and the railroads.

Much the same results from the same causes are shown in the industrial progress of Germany during the past thirty years. There the government gave the incentive for wealth production by high protective duties, liberal subsidies for shipping and export bounties for the products sold in other countries, such exports giving so much more employment for German labor and adding to the total of the national wealth.

The results from the stimulus of protective duties are even more important in the United States, because the operations have been on a much larger scale with larger volume of production and with the benefits more widely distributed in the higher rates of wages, and more employment.

But the larger operations require more capital and more ability in management. Then even if the percentage rate of profit is smaller the totals for profits count up to the larger accumulations which as a rule

are reinvested for more production. The small minds, so wise in their own conceit, are dazed by the figures of millions which are so different from the tens and hundreds to which they are accustomed. They are positive, also, judging from their own abilities, that no man can possibly earn a million dollars by his own exertions, so there is the certainty that all the millionaires must be robbers who should be smashed forthwith, while further accumulations should be prevented. All the grander results in the wealth creation are ignored and obscured by the fact of the few big fortunes, and there are fanatical attacks on the system which allows such fortunes to be piled up. In so far as the attacks succeed the industrial progress is halted, the millions employed as workers suffer, and in turn the high-thinking reformers who are supported by the wealth producers will find their own incomes seriously affected by lack of the usual contributions.

Much time and eloquence is wasted, moreover, in arguments for tariff revision, which means lower duties for articles that, it is claimed, no longer need the protection. This is the theoretical view again, leaving out the human element and the working force of greed for gain. These factors will surely and certainly reduce the prices to as low figures as the general industrial conditions will warrant, and so automatically repeal or reduce the duties as far as the market prices are concerned for the people. If some apparent exceptions are quoted where high prices are maintained they are still the exceptions to the mass of evidence that proves the rule. Some who are most strenuous for tariff revision always point to some other industry

the conditions of which they know little about, and at the same time explain how the prices in their own lines have been cut down so that no revision is needed.

Revision may be proper enough or even desirable for many details, but the economic principle involved is that lowering duties for the sole purpose of favoring more competing imports to displace and limit the home production will certainly not add to the national wealth production nor aid in promoting the general welfare.

There are, of course, always the practical considerations as to what lines should be stimulated by protective duties and what articles should be free of duty. If there is no reasonable chance for development for larger production, there is no economic reason for protective duties. The only safe guide for tariff changes is the net result as shown by the statistics for competing imports. Any abstract theories or arguments about wages or labor cost or profits must be delusive and unsatisfactory. If there is a material increase in the imports for any industry worth holding for our own workers, it is conclusive evidence that something is wrong. The quickest and surest way to get the remedy is to raise the duties so that greed for gain will get busy to find and overcome the difficulties and bring the results in holding the market for the larger wealth production by our own workers with the ultimate benefit in prices as well.

This is real tariff revision which the reformers do not call for. It would not smash a fortune or ruin an establishment, so it is not in accordance with the reform idea.

One other point that is a stumbling block for much of the tariff discussion is the mistake so often made by both tariff and free-trade advocates to the effect that tariff duties must always act mathematically in adding so much to the prices. The first practical lesson that a boy learns in business is that prices are governed by the law of supply and demand, and that market prices must be accepted for articles to be sold. Whether a tariff duty will affect prices or not must depend on the conditions of the market where the article is sold. In this country, for example, we have a large production in many lines which wholly or partially controls the market prices. We have a large production of grain with a surplus for export, and it would be folly to suppose that any tariff duty could have an effect in advancing the prices in our markets. At the other extreme might be mentioned tea and coffee, of which we have no production, and for which a tariff duty would be paid in full by the added prices. Between these extremes there are all kinds of variations, and just in proportion as the domestic production of any article approximates to the total supply needed, the prices will be less and less affected by any tariff duties on the smaller portion imported.

With unsettled market conditions a small portion of the supply offered at a reduction will often lower the prices for the whole, but in ordinary conditions, anything up to one-quarter or one-third will be absorbed without affecting the larger portion. If domestic production in any line furnishes one-half or more of the supply, the imports will have to concede something to hold their place in the market. The im-

porter must sacrifice something, or, as it is said, must pay part or sometimes all of the duty if he continues to sell.

This is what is meant by saying that with the proper stimulus for production the duties will be automatically reduced or repealed as far as the selling prices are concerned to the full extent that the labor cost will warrant. The duty remaining in operation will serve simply to give some extra advantage to our producers as against the imports which would displace just so much in the supply without changing the prices for the consumers.

When it is a question of a tariff duty, either as to whether it is advisable or not, or, as to the rate, the first inquiry should always be concerning the market conditions. If there is no reasonable chance for developing a production, as with tea and coffee, a duty is not advisable unless needed for revenue. If the market is already well supplied with the home product, a small duty would give all the advantage needed without affecting prices.

In spite of these obvious principles, however, some of the fiercest tariff discussions have been concerning duties for schedules or articles, which, owing to the market conditions could not be affected to any appreciable extent by tariff changes either way.

But the tariff robbers combine into trusts to keep up prices and nullify whatever advantages might be claimed for a tariff policy, so it is argued.

The answer is that if any one has any specific knowledge of such profits that are concealed from the greed for gain of all the surplus capital of the world,

he need only make the same public, and as quick as the telegraph can work, there will come the competition eager for a share. If the reformers have such knowledge and really want the results there is no need of waiting for legislation. The fact is, however, that it is easier and more profitable for the reformers to make their appeals to ignorance than it is to show that there is any business basis for their reckless assertions. Smashing is the object, and benefit to the public is the pretense.

One of the most striking manifestations of the intelligence or mental capacity of the self-appointed reformers for uplifting humanity is the perverse way in which they persistently regard the item of profit. There is the fierce denunciation of the capitalistic robbers in general, and the tariff-protected robbers in particular, for any advance in prices, no matter what may be the circumstances or conditions, but they are never credited for any price reductions that more than equal the advances. It is wildly assumed that in some mysterious way the robbers get the products without effort, much the same as the stage magician draws astonishing things from a hat. Nothing is intimated about the establishments with the armies of workers, the wages paid, materials bought, or the general cost of production. The beginning and end of all are the profits and the fortunes which ordinary common sense understands can be only a small fraction of the total value of the products.

Would any one imagine that these wicked robber barons with favorable conditions had to pay out or distribute ninety to ninety-five dollars out of every

hundred they wring from the abused public? The paying out or distributing moreover must all be done before there can be any products for sale to bring the profits.

Could any one imagine, further, from the tirades that with all the power and opportunities for robbery there is a regular list of failures to prove that some were unable to get any profits? If tariff duties conferred special privileges with license to rob, how could any fail?

And yet how many of the concerns that started on their career of crime thirty years ago are still numbered among the living?

## CHAPTER XVII.

### THE RAILROAD PROBLEM.

**The Wonderful Development of the Railroad Industry—The Work of Individuals Greedy for Gain—The Progress of Fifty Years—Perversion of Public Sentiment—Sacrificing the Greater Interests.**

What will be said about the railroad problem, and the dangers from the power in the hands of the railroad magnates? Can regulations be enforced to prevent the misuse of such powers, or must the government assume full control or ownership of the railroads? How do the economic principles apply, and what is the common sense view of the matter?

For any proper consideration of the subject it would be necessary to ask: What are railroads, how did they come, what have they done, and why should they be taken away from the present owners or managers?

The answer, in fairness, would be, that the railroads at first were individual experiments, undertaken in the face of almost universal ridicule and contempt. Under any system of socialism or any plans for deciding off-hand by the initiative and referendum of popular vote, the men, who hardly more than fifty years ago proposed to make an exaggerated tea-kettle pull wagons along a track would have been sent forthwith to the padded cells of an insane asylum. Horses and oxen had been safe and reliable means for transportation through all the centuries of human history.



The tea-kettle suggestion, with dangers of explosion admitted, could come only direct from the devil.

But the tea-kettle men persisted and proved their theories by the results. Then others were attracted by the chances for profit. "If we can give such reductions in cost and saving of time," they said, "we will have an enormous volume of business and make big gains." There was no suggestion then of government ownership, but rather a sort of good-natured toleration, which said: "Let the idiots spend their money, and see what they can do." The horse owners at first laughed, and later became panic stricken, but were wrong both ways.

The railroads developed, slowly at first, but they opened markets and created business opportunities that did not exist before, because of the prohibitive cost of transportation. And who profited most, the railroads with their charges or the producers of the products for which the markets were opened? If there was no inducement for producers to ship or passengers to travel, how would the railroads get the business or profits?

As to what the railroads have done, consider for a moment the enormous values created by the service. There are the products of vast areas regularly brought to market, and the merchandise carried in return. The benefit from the railroad service is so stupendous that it would stagger human imagination to attempt to put it in figures. If from any cause the entire railroad service was suspended for one week, the ruin and disaster would be too appalling to think of. But what consideration is given to all this in comparison with

an alleged overcharge of ten cents for a thousand-mile transportation, or some other minor or fanciful grievance? The younger generation who never saw an ox-team and do not know the meaning of the word stage-coach, sneer, ridicule and condemn without stint, anything slower than a mile a minute, and demand all the luxurious accommodations accordingly. It is just an example of what the human element is, in contrast with what the philosophers fancy it should be.

What a picture could be outlined to show comparative results in benefit to humanity from purely philanthropic endeavor and the money-getting greed of commercialism working for selfish gain. Picture the public highways of former years with the poor wretches tramping from town to town or farm to farm seeking employment and wages that would enable them to exist. Then the lodgings by the wayside and the start, cold and hungry, next morning for the day's work. Fill in with the usual high light details, and see the philanthropic heart bleed in sympathy, and the appeals for subscriptions to furnish some aid for the unfortunate. Commercial greed in the meantime is hard-hearted and deaf to the charitable appeals—that is, according to the worst view of it—but it will invest in the shares of the railroad promising profits. The railroad will carry the workers a full day's journey in one hour, giving them a chance for a days' work with full pay in place of the time lost in tramping. It also takes the farmer's produce which was rotting in the fields because of the cost of getting it to market, gives it a value, and stimulates more production. Can there be any question as to the real benefits in

such a case to the workers and producers without regard to motives or intentions?

No right-minded human being would attempt to sneer at or belittle the work of the genuine philanthropists who honestly strike to benefit their fellow-men or to relieve one single case of human misery. For what they do, or even what they try to do, they are entitled to all honor and respect. But this does not change the facts as to the immensely greater benefits that come from the greed of commercialism which is so unsparingly denounced by the professional or sham philanthropy which has been cynically defined as a scheme for spending other peoples' money. Real philanthropy is always honored by real commercialism which contributes liberally to the calls. There is no reason then, for the envious, splenetic attacks by the sham philanthropists or reformers on the leaders of commercialism whose work has given the grander results in benefit for humanity.

The grand chorus of denunciation at present turns against the railroads and railroad managers more than against any other forms of capitalistic control, and curiously enough the denunciation is based on alleged evils in the management or defects in the service. From the President and Congress down to the town councils, all the political workers feel called upon to take a hand in regulating railroads and improving railroad management. The men selected by the stockholders of the roads, and paid big salaries for their supposed ability, are condemned as public enemies or as utterly incompetent for their positions. How does it appear from a sane, common-sense point of view or what is the explanation?

Fifty years ago when railroads proved their value, there was a popular craze for railroads. All the cities and towns of the country wanted railroad service at once. Land grants and cash bounties were freely given, and towns ambitious to become great commercial centres, voted bond issues as inducements for railroads to come. The national government subsidized transcontinental lines with lavish land grants and everywhere railroads and railroad men were exalted. But the railroads could not come anywhere near meeting the extravagant expectations. Industries were developed, it is true, but the growth had to be gradual. Ambitious towns saw little prospect of quick returns for the indebtedness assumed, as it took time to build and equip the lines, to say nothing of establishing the industries. Railroading being an entirely new form of industry, there were, necessarily, mistakes, blunders and disasters. So there came a reaction in the public sentiment from the first wild enthusiasm.

But the development in railroading was going on. The service attracted the brightest men, who studied the problems of better service at lower cost, and improvements in all the details, always with an eye to the big rewards if the ideas proved valuable. Then there was the fierce competition and railroad wars with the heavy losses and destructive results. There were high-handed proceedings in the days of Jim Fisk and Jay Gould for wrecking railroad properties in order to get control. Old laws did not seem to fit the new conditions, and with a consciousness of power railroad officials and even employees took on airs of authority

that were offensive to the public. Politicians were quick to learn that the railroads did not want to be disturbed by hostile legislation, and the railroad managers had to protect their interests by payments or favors in the nature of blackmail.

Finally real leaders came to the front with broader ideas, better methods and better systems, all designed for better service. Warring short lines were consolidated, through routes established, better equipment furnished, with better service in every detail supplied at reduced rates. This management called for a higher order of ability, and with the consolidations into larger systems the managers became more important with control of interests that figured up to big fortunes. The politicians found it less easy to scare with their threats of legislation, but they could make records by ranting attacks on the growing monster of railroad monopoly whose aim was to "rob and enslave the people." The railroad management included the usual share of good, bad and indifferent, and it was only necessary to have a few shining examples of the worst features to condemn the whole as desperately wicked.

Who could imagine from the fierce denunciations of railroads and railroad managers that they are the greatest factor in the progress of modern civilization with a creation of wealth far exceeding any other industry? Who would suppose that the improvements in railroad equipment and service in the little more than fifty years, have been far beyond the progress made in any other branch of human industry for an equal time since the world began? Compare the road-

beds, rails, rolling stock, locomotives, terminals and general service of the present with the same only forty years ago, and realize something of what this means. The cost of service has been steadily reduced in the meantime so that from an average on all the railroads of the country in 1870 of two cents (1.99) a ton per mile for freight, the rate in 1900 was lowered to less than three-quarters of a cent (0.70) per mile.

Should the men whose brains and money have given such magnificent results be honored and rewarded or not, no matter what may be the shortcomings of the few? These men if the results are accepted as evidence, have proved an ability above any equal number of men engaged in any branch of industry in the world's history. And yet such is the curiously abnormal and perverted public sentiment that it would hardly be an exaggeration to say that no railroad official or attorney employed by a railroad could today be elected to any prominent public position, either national, state or municipal in all the country. The animosity against railroads and the bugaboo of railroad domination have been worked to such an extent that it is almost political death for any public man to be suspected of anything like a friendly feeling for railroads or railroad interests.

It is assumed, also, that the railroads have some mysterious way of getting unlimited capital for any outlay that may be demanded. Legislators order expenditures ostensibly for public benefit, but really more for the purpose of hitting at the railroads. Grade crossings must be changed, safety appliances furnished, block signal systems established, better cars supplied,

more men employed with more pay and shorter hours, more trains run, and at the same time the income is cut off by reductions ordered in rates for freight and passenger service. Is it any wonder when the railroads are thus singled out from all other industries for condemnation as quasi-criminal in their management, that investors hesitate about putting their capital into the business?

Finally to crown the absurdities of the public hostility to railroads, it was recently proposed to punish the railroads for not giving better service when we had a season of unexampled prosperity. The roads had not been able to get money needed for increasing their equipment to take care of the larger volume of business which came to them in excess of their calculations. If a thousand shippers along the line of a road called for a thousand cars when the road had only five hundred available, penalties were to be enforced for the failure to supply the cars which were not on hand and which the road had no money to pay for. But this proved to be a little too much even for hostile legislators.

Railroad managers as a rule have been men of broad ideas looking for profits from increased business. So it was the settled policy to extend lines into new territory and to provide the best possible equipment somewhat in advance of the actual requirements. They had faith in the resources of the country and the good sense of the people for utilizing the same for larger wealth production which would mean more exchanges and more business for the railroads. Even when the wave of demagogism threatened, they tried

by every expedient to get the money needed for keeping up the improvements. But the destroyers proved too powerful. When the railroads tried to sell stocks there was a howling all along the line about the evils of stock watering, and then investors had no use for stocks that could not give promise of adequate returns, and which were threatened with confiscation by the laws cutting down the income. If the roads offered bonds there was more howling about the increase in expenses to be met, and the higher interest rates to be paid.

There were plenty of warnings to the effect that the railroad service was not keeping pace with the general industrial development, and that there must be serious trouble if the roads were prevented from developing, as they were anxious to do, with more investments. But the ghost-dancing reformers wanted more smashing, and went further than ever in their demands and the threats for wholesale confiscation. The year 1906 will be remembered for the railroad congestion, owing to the impossibility on the part of the roads of handling the volume of business offered. There were heavy losses to the producers, of course, and when the products could not be transported promptly there was necessarily a check to the wealth production, which proved to be the forerunner of worse disasters to follow from similar insane attacks on leaders in other important industries.

But is not the foregoing a good deal in the nature of ancient history? Admitting all that can be said about the wonderful development of the railroad service and the benefits therefrom, yet having reached



such an important and commanding position, is it not all the more necessary for a larger measure of government control up to the limit of government ownership? Is it safe to leave the liberties of the people and their industrial life at the mercy of the few individuals who are gaining control of the entire railroad service? Then there is the further argument that:

1. One of the obvious functions of government is to provide public highways for travel and traffic, and the full power of the government must be exercised to afford protection for the travelers and the traffic.

2. Railways are essentially public highways with certain features of improvement, and are as necessary as the highways for the benefit of all the people.

3. It is, then, only a question as to when or how the government should proceed to fulfill its duty of owning and operating the railways as public highways for the benefit of all the people.

While this seems plausible enough, yet there is the same element of confusion of ideas or false logic so characteristic of all the socialistic theories. The first statement, or premise, refers to public highways as highways, with no consideration of service on the highways. The roads are open to all for walking, riding, or driving, as well as for push carts, wagons, vans, carriages, stage-coaches, or other vehicles. The public have a choice of conveyances for passengers or merchandise, and such service is always left for individuals to furnish at their own terms, subject only to the common carrier restrictions.

The essential difference, when it comes to railroads, is that the service is entirely transportation to be paid

for, and there is nothing in the nature of a public highway free for all. The railroads do not even use the public highways, but buy and pay for their own routes, as well as for the equipment of rolling stock, stations, terminals, and all that is necessary for railroad service. The only suggestion of a public feature lies in the fact that the government lends its authority for condemnation proceedings where property owners along the line would not otherwise make reasonable terms of sale. Aside from a sort of obligation for this government aid, the ownership of the railroads and the equipment is as absolute and positive as the ownership of the vehicles that use the public highways. The railroads supply improved transportation service, and not public highways.

A more logical and reasonable proposition would be that as an abstract principle of right and justice, there is no reason why government should discriminate against railroads by undertaking to fix rates for service, while the owners of vehicles furnishing like service on the public highways, are allowed to make their own terms without restrictions. It would follow logically, also, that, if government undertakes to own and operate the railroad transportation, it should equally find it necessary to own and operate all the vehicles that serve the people on the public highways. The confiscation idea as proposed for railroad property, moreover, must equally be extended to all conveyances, public or private, that in any way make use of the public highways and do not offer free service to all the people.

There is, of course, the common-carrier legal prin-

ciple which applies to railroads and public vehicles on the highways. This means government control to the extent of enforcing equal terms for service to the public, without unfair discrimination. There can be no question as to the wisdom and benefit of such regulations, and a pretty wide extension of this power would be admitted as reasonable for legislation concerning railroads. But the question presented is ownership rather than regulation by the government, because the power of regulation is conceded up to the limit of fixing rates which is on the edge of confiscating the property without compensation. Now we are told that all such regulation is useless, and does not relieve the people from the horrible oppression of the railroads, and that nothing but full government ownership and control will be satisfactory.

Here is an industry representing the highest degree of human progress both in inventive genius and systematic organization for grand results, hardly known fifty years ago and now the most important factor for industrial development. Then, think of the enormous losses for capital in working out these results, the bankruptcies, the receivers and reorganizations in evidence, as well as the thousands and thousands of inventions with the costly experiments for testing those that promised some value, the rate-wars that swept away earnings, the accidents and wrecks, and in fact, all the dearly bought experience which goes to make up the sum of knowledge necessary for developing along new lines. It could easily be shown by the figures that the capital sunk and lost in railroad investments in fifty years would more than double the

value of all the present solvent lines, including all the alleged watering of stocks, and this aside from the cost of the experience-teaching. The benefits given to the public in the meantime are beyond calculation.

But all this counts for nothing. The men who invested their money and finally worked order and system out of chaos and failures, are actually getting some of the rewards they struggled for in profits from increased business at lower rates with better service to the public. Some are still struggling with receiver-ships, but some have proved their ability and as a measure of their success are piling up the fortunes which inflame the mad jealousy of the socialist reformers.

What reason can be offered for changing from the present management of railroads, which has given such wonderful results, to an unknown and untried management of government officials?

The answer would be, that the demands for a change come mostly from those who have the least knowledge of railroad business. They see large consolidations and a few leaders looming up as powerful magnates, and they tremble (in a professional way) for the liberties of the people. These magnates can levy unlimited tribute, and can build up or ruin, as they see fit, any individuals, corporations, cities or sections. But why not go further and add more horrors? The magnates can run trainloads of dynamite to destroy everything along the lines, and they have power to mount long range guns on the cars for wider destruction. If they have the nihilist instincts they can surely work widespread ruin.

But then they are greedy magnates and want the big fortunes. How will these fortunes come if producers are ruined? Railroad profits can come only from transportation of the products. The railroads can stimulate production by making opportunities, and giving more value to the producers, but if the latter get no benefit there will be no shipment of products. If the alleged greedy magnates have a modicum of business sense, they cannot be destructionists. Contrarywise, if they have destructionist ideas they never could have worked up to the position of greedy magnates. Admitting that there are or have been, numerous cases of unfair discrimination for favorites, or malicious spite-work against others, and make it ten times all that is charged, still, what does it all amount to as compared with the whole vast volume of railroad business?

Would government control be any better in this particular? Would any congressional committees or government officials—taking them as they run—that would have control of rates and rate-making, be any more free from the sordid influences that would discriminate for or against individuals or localities? The magnates want profits that come from the best service with the largest volume of business. The committees or officials would have nothing to lose if personal or political bias for punishing opposition influenced rate-making discriminations. There is a chance for protest and appeals with the magnates, but what could be done with congressional committees or government officials, where the questions would be made political issues?

As this is not a discussion of particular railroad questions, but only an outline of general principles, it is sufficient to add that the same laws should apply to all, whether engaged in railroading or any other occupation. If there is crime it should be punished, but unless crime can be proved for punishment there should be no wholesale condemnation of an important industry simply because it is important, or because some individuals have proved exceptional ability.

But again what should be the policy of government towards railroads, leaving out the socialistic notions of ownership?

Well, what is wanted? Is the important object service for the public, or must everything turn on the question of possible profits? Has the last limit of perfection been reached in railroading, or is there a possibility of further improvement? Then if further improvements are possible or desirable, how will they be obtained? Have the improvements in the past come from bankrupt roads run by receivers, or from prosperous roads making profits for the stockholders and managers? If government legislates to cut down profits by reducing rates on the prosperous roads, will the public be better served in the first place, and will the government undertake to make up the losses for the struggling roads where the amount of business will not pay the running expenses at the rates fixed? These are a few of the practical questions to be considered.

And what are the greedy magnates doing? Why are the richest and most powerful of the magnates spending hundreds of millions in tunnels and terminals

for New York City? Why are they spending more millions on the lines for reducing grades and widening out curves so that speed may be increased or a few minutes saved in the running time? Is all this done for the sole and only purpose of robbing the public and enslaving the people, or is it a business enterprise for giving better service to attract more business that will ultimately return larger profits? Would any legislative body ever be induced to vote the appropriations needed for such improvements?

If continued progress for railroad service in the next twenty-five years could show one-half of the value of improvements that were made during the past fifty years in railroading, and if in doing so the wealth and power of the magnates were increased ten-fold, would it not be a cheap price and a profitable business transaction from the point of view of better service for the public?

The real railroad problem that must be decided without delay is whether the welfare of the people shall be promoted by encouraging railroad magnates to continue the work of improvement for better service, or whether the destructive, jealous frenzy of the communistic mob shall be incited to smash the fortunes, wreck the property and sweep all to common ruin?

The socialistic formula of reward for conspicuous success is: "Condemnation and anathema, hades and perdition."

What can railroad men know about railroad management in comparison with the wisdom of that self-inspired government that will take control with the triumph of socialism?

## CHAPTER XVIII.

### TRUSTS AND COMBINATIONS.

**Their Place in Competition and How it Can be Maintained—  
Benefits for the Public the Test—Who Consumes the  
Products and Why—Equality for all under the Law—  
Duty of Government.**

What about the trusts and the big corporations which control industries, crush out all opposition and plunder the public? Can there be any possible defense or excuse for their existence, and is it not the plain duty of the government to crush them?

The trouble with this question is that it assumes so much that is not true, never has been true, and never will be true in human affairs. It is easy enough to quote examples of the alleged doings of particular concerns with exceptional conditions, and argue that all others must be the same, but this is neither scientific or in any sense logical. The economic principles that must rule in all business operations are clear, fixed and unchangeable. If these are ignored, failure will come to the philanthropist as quickly as to the greedy robber.

The so-called trust corporations at present are denounced by the hysterical wise ones in almost the identical language used against the partnerships and small corporations a century ago. It is assumed at the outset that the intentions are criminal or why would they combine? There are exactly the same charges to the effect that competition is to be sup-



pressed, the public plundered and the workers forced to slavery. Experience proved the folly of such predictions in the past, and they are no less absurd at present.

In the first place, the term competition is used as a fetish to be worshiped, with only the vaguest idea of what it means. If there is to be any benefit whatever to the public for improved service, the individuals who introduce the changes must gain at the expense of the others, and the competition will necessarily be more or less destructive for the non-progressive concerns. With conditions fairly equal for all, no amount of competition in numbers could bring any improvements, and the dead level would continue. The power looms and the factory system killed off thousands of hand-loom-weaving competitors, but was the result a benefit or otherwise? There is the mad jealousy that will ruin itself to undersell and injure a competitor, and for this kind of competition the public must pay in the end, without any special benefit. Real competition that means something is the ability of the few to devise new methods or systems that will give better values or better service. This kind of competition will continue in some form as long as greed for gain remains as an element in human nature.

But there is the feature of large capital combinations counting hundreds of millions. What chance is there for competition against such odds?

This is a poser for the amateur business authorities, but practical knowledge of business recognizes plenty of chances. It is safe to say that one-half at least of the business houses in good standing today started,

less than twenty-five years ago, in the face of greater odds in proportion from the capital and standing of the concerns who were then the leaders.

It must be remembered always that a hundred millions piled away in a bank vault are as worthless as a hundred thousand laborers unemployed. The results can come only when the directing intelligence combines the two. Given the right kind of ability, the control of a hundred millions will work for better results than the use of one million. But on the contrary, with the wrong kind of control the results would be far otherwise. If, for example, the big concern makes a mistake in figuring and sells at less than cost, the loss on a percentage basis will dissipate the larger amount just as surely and quickly as the same cause would operate for the smaller sum. The hundred millions will go just as quickly as the one million or the one thousand.

A few years ago there was a mania for trust organizations in the industries because of the big results promised from saving expenses, and possibly some idea of holding better prices for selling. The list of such organizations counted up in hundreds. But it soon developed that there was trouble for the management. Excellent captains for companies do not always make good army commanders. It was easy enough to combine the capital values, but there was no way of merging the brain power into the superior ability needed for control on the enlarged scale. It was soon proved that the success of the big organizations depended on the ability of the management, just the same as for the single establishment. If the

best brains remained outside the trusts, the latter soon had competition enough, and either lost control or disappeared. So it followed that instead of the hundreds of trusts, with more organizing, of twenty years ago, the present list of big corporations that can be rated as successful in a business way will hardly run into dozens, with the success in every case due to exceptional ability for management and not to combination of capital.

Only a few years ago there were emphatic demands for legislation to suppress big department stores which threatened to absorb or destroy regular retail stores in the different lines. Property owners were in wild alarm at the prospect of miles and miles of deserted streets where the retail stores flourished. The amateur authorities had it all figured out, but business common-sense went ahead in its own way to give the best results possible and hold a share of the business. Some of the department stores prospered, while others failed, and there was no lack of competition on any basis of capitalization called for. But where in any city or town in the country are the miles of deserted business streets?

In this as in all other human affairs there are the opposing qualities or conditions. The product of the skilled artizan has characteristics of quality or style or merit, with corresponding cost. The factory product for lower cost must sacrifice something of the desirable features of the hand-made article. The individual establishment being controlled by a single management, can take advantage of opportunities and is more directly interested in the results. The big

combination gains something in the matter of buying and the expense of selling, but must sacrifice a good deal in the important feature of supervision and management as well as other details.

The opposing forces must work out the results as they always have done and always will do. The best article at the lowest cost or the best service to the public will win the business and the profits, whether it comes from the big trust corporation, the small factory or the skilled artizan. So if inventors could devise new methods of refining oil, or refining sugar, making paper, making steel, tanning leather, working textiles or any other industrial product at a material reduction on cost, they could control the markets by giving more to the public, and pile up great fortunes before the big corporate organizations could change their methods to meet the new conditions. The quoted market prices for industrial corporation stocks, paying big dividends as compared with other investment securities, indicate clearly the financial judgment as to the risks of changing conditions, blunders of management or increasing competition.

The great industrial leaders with all their alleged powers are not immortal; there can be no monopoly of brains. Wherever one can lead plenty of others can follow. If there are big profits in evidence in any line, greed for gain will find the ability and the capital necessary for competition to get a share. The only thing that can tend to prevent such competition would be a policy of government regulation to cut down or limit the possible profits. Such action surely scares off competition, and so strengthens the control of the

corporations attacked. Monopoly features or attempted extortion are always incidents, and need never be considered as basic principles in any economic investigations, as they remedy themselves.

Of all the alarming and terrifying predictions about the domination of the trusts and the ruin for the people that were set forth in the political campaigns of twenty years ago, how much was ever realized? Trusts flourished and decayed. Some attempted high-handed measures in advancing prices, which quickly turned the business to competitors. Of the few strong concerns remaining as big corporations, not even the strongest has been able to hold the proportion of business that it had ten years ago, and not one can dictate prices for the product without taking into account the increasing competition. This statement will no doubt be questioned, but investigation will prove it true.

Some of the advanced scientific socialists now deprecate the old notion of "Smashing the trusts," for as one authority says: "It would lead to nothing but anarchy and confusion. It would turn the wheels of progress backward, relegate us again to the days of cut-throat competition and business anarchy, and rob industrial society of all the benefits of combination and progress. It would, in short, attempt the insanely mischievous as well as the utterly impossible."

It is insisted, however, that the benefits now go to the capitalistic robbers to pile up their enormous fortunes, while with socialism in possession the toilers or producers would get five times what they now receive. Just how the public as buyers would benefit

from this arrangement is not explained, though it is intimated that they would also get all the robbers' profits in lower prices. Arguing both ways is easy for socialistic logic.

This idea of the robbers' profits with diminishing wages is the hobby of all the reformers, and they can quote pages of figures to prove it. But there is one mountain of fact that stands firm, no matter how persistently or carefully it is shut off from the view.

It is admitted by all that there has been an enormous increase in the wealth production which may be placed at five-fold in fifty years. If we admit, for the sake of the argument, all that can be claimed for the "enormous fortunes wrung from toil," it must be admitted in return that the fortunes can come only from the sale of the products which give the profits. It is manifest that if the products are not sold there can be no profits and no enormous fortunes. In the manufacturing industries, where the trusts have most control, and are supposed to do most of their robbing, the grand total of production according to the census of 1905, was \$14,802,147,087. There were imports and exports in addition, but they were small relatively and may be assumed to nearly balance each other. This increase in production was nearly 30 per cent over the total value for 1900, and nearly 68 per cent over 1890, a portion of the increase being higher values for the products.

Now what became of these products? Who were the buyers or consumers, and how much of the total was consumed by the capitalistic robbers and the predatory rich?

It is argued with a parade of figures that 1 per cent of the population owns fully 90 per cent of all the wealth, leaving only 10 per cent. for all the others who are being steadily reduced to the extreme of pauperism. Well, there are the totals for food products including flour and meats amounting to \$2,845,234,900 for 1905 against \$2,193,791,594 for 1900 and \$1,171,165,325 for 1890. Did 1 per cent or 10 per cent of the population gorge themselves with this increase of over \$650,000,000 worth in five years, or \$1,674,000,000 worth in fifteen years, or did some of the paupers get an extra bite or two?

Textiles increase from \$1,261,672,504 in 1890 to \$1,628,606,214 in 1900, and to \$2,147,441,418 in 1905. Did 1 per cent or 10 per cent of the population wear out all this extra production, leaving less for the 90 per cent of paupers? The iron and steel group of products increased from \$1,144,056,537 in 1890 to \$1,806,278,241 in 1900, and to \$2,176,739,726 in 1905. Leather products increased from \$487,556,030 in 1890 to \$569,619,254 in 1900, and to \$705,747,470 for 1905. These products together with the products of all the other industries that might be mentioned in detail were sold and consumed, and up to the time that trust and combination smashing was revived as a political issue in 1907 as likely to catch voters, there was an active demand with no surplus in any line in the markets.

It is further insisted that the cost of living has greatly advanced, making the people relatively poorer with more going to the trust robbers. But the robbers actually sold their products in larger quantities than ever before and the mass of the people as buyers

evidently had money enough to pay for the same. They were able, moreover, to make an astonishing increase in the savings bank deposits, the building associations and other forms of investment.

Is all this an evidence of pauperism and robbery according to the fool notions or the able-bodied lying of the amateur business authorities, or is it just a plain proof of the common-sense business principle that increased wealth creation by the brains of the leaders must mean more to be distributed, more employment, more earnings and more general prosperity for all?

Is this net result so horrifying as to warrant the immediate destruction of all the capitalistic robbers?

The benefits of combination and progress, from whatever source they come, must be shared by all, but even from the scientific socialist's point of view, why cut off the robbers in the middle of their career of developing these benefits of combination and progress? Such results never came in any other way, and why not wait a little before throwing the robbers out and taking possession, to see if they cannot develop even more benefits with larger swollen fortunes, so that there will be so much more to take and divide with the triumph of socialism?

What, then, is the plain duty of the government for promoting the general welfare as far as dealing with trusts or combinations is concerned?

The answer must be that the wealth production should be encouraged. If it is possible by any means to get more products or better service at lower cost, without decreasing the earnings of the workers, the people as a whole are certainly entitled to all the



possible benefits, whether coming from individuals, partnerships, corporations, or great trust organizations. The men in control of the big corporations are no better or worse on the average than the managers of smaller concerns, though larger operations require more broad-minded views. All are striving with the incentive of greed for gain to please the public, and get more business.

Corporations are no doubt as often in the wrong as are the smaller concerns or the individuals, and should feel the heavy hand of the law for any evil doings in the same way. This is fully recognized in collection laws or bankruptcy proceedings, where the biggest of the corporations must answer the same as the poorest individual, and there is no valid reason why there should be any discrimination with other laws. Punish the corporations, or the corporation managers, to the limit if they are offenders by interfering in any way with the equal rights of others, but do not tolerate vicious attacks on the big concerns simply because they are big. Leave them free to work out their salvation in a business way with the competition they must surely meet. If they can win in serving the public they are fairly entitled to the biggest of big fortunes as a reward. If others can do better, the big fortunes will go the way of all others since commercialism was known in history.

Accumulations of capital and control of labor as the factors for wealth creation will always and everywhere ultimately go to the brain power which can utilize the same for the best results. Socialistic jealous envy or the conceit of fatuous ignorance which

assumes to instruct, may not be able to understand this, but it is one of the eternal verities of commercialism that is the basis for all human progress.

One plain duty of government that is neglected in the laws as we have them is a proper protection for the rights of the minority stockholders in corporations. With all the variety of state corporation laws, a bare majority of the stockholders' vote can elect directors who are allowed to do pretty much as they please, with no redress for the minority. It is this lack of protection for invested capital that makes it harder to organize competing concerns against the big corporations. Something in the way of a national incorporation law, similar to the National Banking Act, would be desirable, that would hold the directors to a strict account and prevent much of the fraudulent operations against the minority stockholders. Laws aimed at repression can be nothing but harmful, but laws to give more safety for investments would practically solve the trust problem by encouraging the development of any competition that might be needed against any form of corporation.

An example in this line might be mentioned in the admitted failure of the Sherman law for preventing combinations in restraint of trade. This law was aimed at the numerous trust organizations then existing, and was intended to please the anti-trust ranters. The result, however, was the reverse of the expectations for, as progress cannot go backward, the trusts were forced to the more compact form of the big corporations including all the interests.

The trust idea as retained in England and Ger-

many without legislative interference gives more freedom for the individual concerns as parts of the trust, and there is more incentive for improvements, the managers being something more than high salaried employes of a single corporation.

There is no question as to the fact that the trust forms give better results, and the remarkable progress of the German export trade is due very largely to the work of these organizations which handle the general features of the business, buying and selling, while leaving the constituent concerns in control of their own establishments.

The Sherman law hits at labor unions and other associations, and changes are now demanded to do away with objectionable features.

This is the usual result from reformers' interference with business matters of which they know nothing. They can force legislation but cannot change business principles or human nature.

## CHAPTER XIX.

### LANDLORDISM AND TAXATION.

**Single Tax Delusions and Absurd Claims—Uses and Values of Land—A Form of Capital for Wealth Production—Why Some Land is Not in Use—A Reform Needed.**

There are numerous other questions of governmental policy to be considered and all may be tested by the same principle of wealth production which includes about all that counts for the welfare of the people. Some of these great moral reforms that are being urged are landlordism with the so-called single tax remedy, inheritance laws for taking portions of bequests, changes in banking methods, and others that might be mentioned. All of the proposed reforms have their enthusiastic advocates with the usual feature that the would-be reformers are rank outsiders with no practical knowledge of the methods they would overturn. No attempt will be made at this time to discuss these questions further than to indicate a few points showing how the general rule of benefit from commercialism must apply.

Take landlordism, for example, which is held up as the gigantic robber of all, and the crushing evil for humanity. The so-called single tax remedy of which Henry George was the apostle, while it pleased some of the unthinking, never appealed to the common sense of the people, and has practically gone the way of thousands of other brilliant theoretical visions.

The argument against landlordism was in effect:

1. Access to land is necessary for the existence of every human being.

2. Landlordism, or private ownership, prevents free access to land.

3. Therefore landlordism is the arch enemy that would destroy humanity.

Here is the old familiar trickery of the defective middle in the logical syllogism, as the terms access to land in the first and free access to land in the second, have very different meanings. It is explained at the outset by Henry George himself that in order to get any benefit from land there must be absolute security of possession. A man must have assurance that he will reap or he will not sow. The man who builds a house must know that he can occupy it against all others. As soon as one individual assumes or acquires possession of a piece of land there can be no free access for any others, and landlordism in some form must prevail. There must be some way for deciding possession, either by force or law, and some way of transferring possession when desired.

What is wanted from land?

Obviously the old answer: of best service to the people in the production, giving food, clothing and shelter.

How will this be obtained?

Obviously again the old answer: let greed for gain do its work.

The man who wants possession of a piece of land figures on possible profits from its use. These profits can come only from products sold to the public in some form or some service rendered to the public on the

land. The value is thus determined by the men who can devise the best plans for the most value from the soil or the best service in other ways, and there must always be the feature of security of possession to carry out the plans through a series of years. How much has been written in a scientific way about the economic laws of rent and land values, but the only common sense rule is that the value is always determined by the profits from the use of the land. So like the big fortunes in other lines, the high values for land are always a proof of the service given to the public, from which the profits come. Values change according to the ideas of individuals who see chances for profit from the use of the land, and not by anything in the nature of a general law.

It is not even a question of population giving value, for the most densely populated sections are usually lower in value than other parts of a city where land is held for other uses than dwellings of the tenement order. In large cities where there are chances for serving a larger number of people and making more profits, the land values will, of course, be higher than in smaller towns.

But why do some cities grow while others with equal natural advantages of location decline?

Simply because the land owners or land users in one offer better inducements than in the other to attract the increased population, thus proving that land values like all other values are due to individual effort and not to vague general causes. Population goes where there is promise of profit.

The facts concerning land values are so clear and

unmistakable that the apostle of the Single Tax when it came to applying his wonderful remedy was obliged to face about and contradict all the preceding chapters about the terrible powers of landlords for extortion, oppression and driving people off the earth. If the landlords had such powers they could easily force the tenants to pay any single or double tax that could be levied. So it had to be shown that the rental values were always fixed by the competition of the tenants desiring possession, and that the landlords could get no more than the tenants were willing to pay. Then when this rental value was taken by the single tax the helpless landlords would be left with the empty shell of the title while the kernel of value would go to the state. All the ranting about the tyranny and robbery of the landlord monopoly was therefore a waste of wind in the argument.

To make it still more absurd Henry George argued strongly against government ownership of land "with all the favoritism, collusion and corruption that it would involve." He would leave the monstrosly greedy landlords, as first portrayed, in possession of the empty titles, and was sure that they would be imbecile enough to go on collecting the rental taxes without any chance for profit other than a small percentage to be allowed for the work of making the collections and turning the same over to the government.

This claim that single tax, taking full rental value, is not government ownership is a contemptible, silly-billy attempt at humbug. What human being would hold an empty title to land and be responsible for the payment of rental value by the tenants? And yet

this reformer, with such palpable absurdities, at one time had a large and fanatical following.

It is easy for infantile intellects to note that the whole island of Manhattan could have been had for the asking a few hundred years ago, while the value at present, as New York City, shows enormous figures. It is so naively assumed, on one hand, that if it was not for the landlords any one could have land in New York now without cost, and on the other that the immense difference in values is all clear profit for the landlords now holding. Or, in another way of putting it, if the government had retained possession it would now have all the values, assuming that the individuals would have gone on making the same improvements that built up the city and made the values.

Common sense understands that holding land costs money, and that money invested in the so-called land monopoly, with all its assumed privileges for extortion, does not return as much, on the average, as the same amount invested in other forms of property. The element of greater security makes the land investments more attractive at a lower rate of profit, and there are some exceptional chances for rapid gains in value. Common sense also understands that rent and interest are practically the same as far as land holding is concerned, and that with the security of a leasehold for possession, there is no appreciable difference between paying the yearly rent or the yearly interest on the amount that would be needed for the purchase.

But is not landlordism responsible for the land



held out of use for future profit, which increases the competition for the other land in use and so adds to the rent burden?

This is one of the Henry George delusions more absurd, if anything, than his visions of landlords as a class of horrible man-eating ogres. In the first place it must be admitted that most of the landlords are human enough to permit the use of their land and incidentally take the profits from the same. There are no records in all history of any people being driven off the earth into infinite space by landlords who refused to allow even standing room on their land. If landlords are essentially robbers, surely it must be necessary for them to have tenants whom they can rob. But if tenants are barred and the land held out of use, there can be no possibility of robbery or profit in any form. There may be prospective profit from use in the future, but this must mean better uses than are offered at present. A lot owner holding out for a prospective business building might refuse to allow the use for a cheap shed that would tend to prevent the more profitable building. If the ideas of the owner are finally realized in the business building, the larger profits will be proof of the better service to the public.

With any kind of government control, ordinary intelligence in management would hold certain portions of the land for development according to some general plans for the whole. Fine residences, boiler shops and glue factories would not be forced to take adjoining lots, and some spaces would be left open for future use in the different localities to which the different

classes were assigned. Reformers who never owned a lot of land cannot understand why there should be any reservations as to buildings or use. They condemn the land owners as obstructionists, and would force building improvements long before there was any chance for tenants.

Did any human being at any time or place on earth ever want the use of a piece of land and not be able to get something that would answer his purpose at a price he was willing to pay? If not, where is the monopoly feature or the injury from land held out of use?

Then, strange as it may appear to the reformers, holding land out of use is expensive and risky business for the holders. There is loss of interest on the value of the investment, and the taxes and assessments that must be paid, so that the differences in the selling prices are by no means all profits. There are big losses more often than big profits. But this is a detail of the spirit of commercialism that high-minded reformers would not condescend to consider.

With government ownership of land, there would be the trouble and uncertainty about the leases, with all the chances for favoritism and corruption. Security of possession would be lacking, and greed for gain would find little inducement for developing the land for the best service to the public, to give the largest profits. The city or the government in the meantime would lose all the income from taxes on the land not occupied and not productive, as well as the taxes on the greater value of the improvements that would be made by the individual owners look-

ing for profits. The common sense of commercialism figures all these factors, while the visionary arguing of the superior beings who scorn practical details gets the usual blue-moonshine results.

Another cross-eyed mental freak is the notion that land should be classed as an independent factor in wealth production, with the formula: land, labor and capital, the land being the first in importance. There could be no human existence or wealth production of any kind without land, it is true, but air and water are equally as necessary, so why not include these as factors? In economic discussion, the term materials is used to represent all the products from the land that are of use for wealth production. But as the control or ownership of the materials can be transferred or exchanged, the materials are properly considered as a form of wealth to be included in the term capital. Then as the control of materials in their natural condition necessarily means control of the land, and as this control or ownership of land is equally transferrable or exchangeable, land is rightly considered as another form of wealth and included in the general term capital.

If, as is urged as a clincher, man cannot create more land, the same can be argued for the animals found on the land which are as necessary for human existence as other products from the land. It is admitted that the animals when made serviceable are properly classed as wealth or capital, but by the same logical (?) reasoning as applied to land, the animals should be held under government control and rented for service.

The common sense of every reasoning human being understands that the man with capital in any exchangeable form can go to the ends of the earth and at any place can get all the land he wants and all the labor he wants for more wealth production. If dissatisfied, he can re-exchange the land for other wealth and again exchange the wealth for other land in other places. To argue that the ownership of land is something independent or different from other forms of capital is therefore fantastic nonsense. Labor can be hired and paid for, but it is an independent factor because it can refuse to work, and having once been used and paid for, there is no possibility of a re-exchange for the wages paid. So common sense makes the broad division between labor and capital, the latter including the directing brain-power and all forms of wealth as well as control of the land and materials, while labor is the human working force that must be employed for the changes that mean wealth production for the various uses for humanity.

Whatever there is in the arguments or claims for benefit from single tax or government ownership of land is included in a much more logical, reasonable and honest way in the general theories of socialism for the control of all capital and all labor and all forms of wealth production.

It is really comical to note the wild flights of fancy in the promises of the great blessings that would come from the single tax system in the extinction of idleness and poverty, always with the willfully false suggestion that the unemployed would have free access to land. In these rhapsodies there is no reference to

the tax equal to the full rental value that must be paid or the capital necessary for appliances and support of the workers until the products can be marketed. Capital with the brain power must be the active force for production under any system. If capital has to pay taxes and interest on land out of use, it will certainly utilize all that can be used with promise of profit. If government takes possession of all land, as it would have to with single tax system, capital would rent only what was absolutely needed, and would be slow about renting more. Labor would be as helpless as ever, and instead of the promised blessings there would be less production, less employment, with more poverty and more misery. That is the difference between facts in a business-common-sense view and the thoroughly dishonest humbuggery of the reformers who promise tax and no tax, rent and no rent at the same time, with all manner of boundless blessings.

If there was any shadow of truth in the wild claims about the profits for landlordism, why in the name of all reason are land owners willing to sell, and so many of them anxious to sell, as shown by the sign-boards on every hand? We might repeat the previous question as to why the reformers do not have business sense enough to buy up some of this land and hold it as an anti-land-monopoly association for the benefit of unemployed labor, giving free access to work out some of the glorious blessings? An object lesson of this kind would do more for the cause than all the leagues and all the ridiculous literature. Mil-

lions of acres of land out of use can be secured by tax titles for the taxes now unpaid.

To whatever use land may be put, either above or below the surface, the main, important consideration is the results for the public benefit, and in every instance the best results will determine the ownership of land just as it does of all other forms of property through the competitive action of greed for gain. It is of little consequence whether the holdings of individuals or concerns are large or small, or whether particular pieces were held for one hundred years by one owner or by one hundred owners for one year each, the actual uses of the land will fix the value and give the control. The successful will buy and the failures will be sold out as always was and always will be, world without end, no matter what all the reformers who ever reformed may say, think or imagine.

It would be considered a foolish waste of time to argue seriously that the celebrated cow of Mother Goose fame could not really jump over the moon and land back on earth again without more or less injury to her usefulness for the milk trust, but some of the single tax arguments fairly outdo the exploit of the moon-jumping cow. Take the following for example, from a recent publication:

"If the entire public revenue was derived from ground rents, all other taxes being abolished, the burden now unjustly borne by the mass of the people, including a large majority of the landlords themselves, would be borne by about fifty thousand of the largest landlords who now own about thirty per cent of the land values of the country. And the burden now borne by those least able to bear it would scarcely be felt by these rich landowners."

Now what does this mean in plain language? Waiving the question as to whether the public should pay the taxes which are expended for public benefit, and waiving, also the rank falsehood about the fifty thousand owning thirty per cent of the land values, there remains the proposition to make the rich landowners pay it all. But what constitutes the riches of these rich landlords if not the land values? But these values are necessarily determined by the rents, actual or prospective, that come from the tenants. Now if single tax takes these rental values, what is left for the holding values for the rich landowners, and how will they be able to pay the taxes? The landlords are to be wiped out for the benefit of the tenants when the state takes the values, but at the same time they are to remain in all their glory and power when it comes to paying the taxes that will scarcely be felt by them when, in fact, they have no income. Is not this kind of nursery logic rare sport enough to make the little dog laugh and all the dishes to run away with the spoons?

Naturally also, as might be expected from this brand of philosophy, there is the same old delusion about the fixed amount to be divided, and here it is:

"There are three factors engaged in producing wealth: land, labor and capital. There are three channels in which it is distributed: rent, wages and interest. This being so it is clear that the more wealth goes to rent the less remains for wages and interest. Every advance in rent (and it is constantly advancing) is made at the expense of wages and interest."

Why do not these wise authorities consult with some office boy or truck driver before evolving their

theories? If they did they would learn that the man undertaking a business venture usually invests part of his capital in the land needed, or arranges for holding on satisfactory terms. The next step is to employ labor for building the plant. Labor is also regularly employed and paid its full demands until such time as the product is ready for the market. Then the employer must take the risk of selling at such prices as he can get. He expects a profit, of course, but he may have to sell at a loss. But the labor is paid just the same at the union rates established. The successful concerns making big profits pay no more and the losing or failing concerns pay no less. Instead of rent coming first, it is really the last, and there may be something or nothing left for this part of the capital invested.

Every human being who has ever tried to earn a dollar knows absolutely that when profits are big there is a chance for higher wages, and with wages higher there is a chance for higher rents. Conversely, when profits shrink there must be less earnings even if rates of wages are maintained, and rents must decline in proportion. When any one ever hears of rents advancing while wages and interest are decreasing, he can look to see a sky-full of cows jumping over millions of moons, with all the little dogs laughing at such sport.

The reform needed from government for land and landlordism is not confiscation or control in any form, but rather more opportunities for the greed of commercialism to do its work of utilizing the land for the largest profits, which means best service and



highest values for taxation. For this end there should be a better system for transferring ownership. Land titles should be as easy of exchange as other forms of property. There must be security and legal forms, of course, with proper records, but these could be greatly simplified and in addition a guarantee given for the titles transferred as against any ancient claims affecting the same. The laws and customs at present would seem to be arranged with a view to discouraging any transfers of titles.

Much of the land which is said to be held out of use by the strange class of human freaks who pay taxes and costs while refusing income, now remains idle because of questions concerning the titles which prevent transfers to those who would use it. The easier the process of buying and selling land, the more the investors would be likely to take chances for making improvements, meaning service for the people either of a temporary or permanent character.

This is the same old story, told and re-told whenever and wherever labor is induced by the demagog-promises in all their variety of allurements to join in the movements for smashing capital or profits. The results are always the same in the panics and depressions. Capital must make extra profits in prosperous seasons when common sense rules, to carry over the panic periods when the lunatics are smashing things with the frightful cost to labor.

But will labor ever learn?

## CHAPTER XX.

### BANKS AND BANKING.

**Principles the same as for Other Lines of Business—High Standard Maintained and Few Exceptions—The Legislation Needed—Grand Opportunities for Practical Reformers to Prove Their Wisdom.**

The subject of banks and banking would need a volume of its own for a discussion, but it may be remarked in passing that greed for gain and the spirit of commercialism works in this field as in all others, and always for the best results. From a reformer's point of view, bankers may be as ignorant and utterly incompetent as commercial workers in other branches of industry, but common sense of practical men who are able to deposit a dollar or two occasionally will hold to the belief that banking is quite an important business in its way, and that the bankers as we have them may be assumed to have some fair amount of knowledge of the details of their business. Their opinions will carry as much weight with common sense as the theories of the reformers whose stockings are ample for all their financial holdings, and who wonder why they never happen to see any four-dollar bills.

Banking is not essentially different from other branches of business. Bankers are dominated by the same greed for gain or desire for profit, and work for the profit in the same way by striving to give better service. There is no law possible that could

compel people to patronize banks either as depositors or borrowers, any more than there could be to force people to ride on railroads or buy particular brands of merchandise. The bankers who have brains enough to offer the best service, with the most assured security for deposits or liberality for loans, will prosper and control the largest accumulations. Those lacking in this business sense will fail. Trickery or dishonesty will bring the inevitable punishment in the failures, whether the concerns are large or small. The fact that a bank is prosperous and growing is the best evidence that it is giving good service, and it may be noted that there has been a remarkable improvement in banking service corresponding fairly with the progress in other lines.

Banks and railroads are the most important secondary factors in the work of wealth production for the benefit of the people, and they are accordingly the shinging marks for the business destroyers. Every man who has dealings with banks knows that they are as anxious to please and increase their business and profits as are intelligent business men in other lines, while the criticisms are mostly in reference to the over caution for safeguarding the funds in their control. When the number of banking institutions in the country and the world is considered, with the enormous totals of money they handle, the dishonesty or shortcomings of the few, which are so eagerly blazoned forth as big sensations, are astonishingly insignificant as compared with the high standing maintained for the whole.

With the sensational, anarchist-making journals,

however, instances of mismanagement for half a dozen banks are enough to condemn the whole ten thousand or more of the others. The same idealists who tremble for the liberties of the people from the fortunes in merchandizing and railroading, have an extra tremulo movement when the big banking totals are mentioned. Realizing their own limitations, the tremblers are sure that no other human beings could withstand the temptations to exercise the power for oppression which the control of such vast sums would give. They fairly shriek at the horrors which they foresee from the crushing of the liberties by the money kings, the money devil, the predatory wealth or the other familiar, polite terms used.

The province of government in the matter of banks is to make all needful regulations for security of deposits and note issues, and also to provide for rigorous punishments for any betrayals of trust. There should also be measures for uniformity in the currency systems. It would be an advantage to have a centralized system of note issues with no more variation in the forms of the notes than there is in the coin they call for. The details of proposed currency measures or other legislation are of less importance provided that they are fairly discussed on their merits and in their proper relations to the vast interests involved.

Banks could not exist without the absolute confidence of the business interests they serve. There is less reason for assuming that bankers would favor measures injurious to such interests than there would for believing that ordinary merchants would hire

bands of assassins to rob and murder all customers entering their doors. Commercialism looks for future gains, as well as present profits, which may be a new idea for some of the professional class of critics whose policy is to make the most of present opportunities.

In defiance of all reason and common sense, the wealth accumulated in the banks, which is the evidence of the best service for the industries and the people, is taken by the strangely perverted notions of the reformers as proof of criminal robbery, and there is the wild howl for destruction. The mob are ready to join in the cry of death to the banks, and the parasitic politicians are, as usual, posing as champions for the people. So it is almost impossible to get any simple measure of legislation for regulations or currency systems if it is suspected that the measure is favored as an improvement by the bankers. The real spirit of commercialism and its working for results in better service for more profits is something entirely beyond the comprehension of the green-eyed envy of the bogus cultured idealists or the anarchy that is so eager to destroy all in a common ruin.

As for the inheritance taxes or the idea that fortunes should be distributed or confiscated at death,—this is only another way of smashing the spirit of commercialism that gives all there is of progress for humanity. If the reward for success is to be taken away from the surviving family, there will be less inducement for striving and less benefit for the public. A successful establishment is successful only as it gives the service, and if it is closed up by confiscation where will be the gain for the public as buyers

or for the employes as wealth producers and wage earners? All these kinds of crazy attacks on wealth in the form of profits must work in the same way in destroying the larger total of production from which the profits come and of which they measure the benefit.

Why in heaven's name and the name of suffering humanity do not some of the wise reformers and critics of commercialism get into some kind of business and show how it should be done? The reformer who can pay four to eight times the wages and give the product or the service at one-fourth to one-eighth of the cost, or who can pay the single tax full rental values on land and let the tenants have it free; could kill off all the trusts on earth in six months and own all the land on earth. Why worry about laws or law-making when the whole brood of capitalistic robbers could be wiped out at one stroke, and the people exalted to the highest happiness? Why waste oceans of talk and tons of good white paper in arguing and denouncing when the remedy is so easy, and any amount of capitalistic greed is ready and anxious to give a helping hand for such results?

If these intellectuals feel that they must exploit themselves in some way as superior to the money-getting plodders of commercialism, why not take up some of the researches into the unknown and unknowable in the psychic or psychological realms where charming fancies do not collide with rude facts? There are so many millions of people in the world who may be lacking in higher soul culture but who have physical bodies with physical wants to be satisfied. Commercialism has been doing a magnificent

work for these millions of human beings in a practical way, and there is the constant struggle with all the impelling force of greed for gain to do more. Commercialism will continue to support, honor and reward the work of the intellectuals, so why should the latter be so fanatically blind to the facts and conditions, and so savagely vindictive in their attacks on the spirit of commercialism and the management of business affairs which they know nothing about?

## CHAPTER XXI.

### THE GREED OF COMMERCIALISM.

**How Far Should It Be Honored or Condemned—Mistakes of Moralists—Influence of Commercialism for Civilization—Education and Its Ideals of the Past—The Makers of History and the Agents of Progress.**

Why should any one seek to glorify greed? Why not encourage aspirations for the higher life that would improve human conditions by gradually suppressing the baser passions? Why not preach the grander sentiments of philanthropy or striving for the common good? Any excuse or argument favoring greed must have a lowering, if not a debasing effect. Greed is certainly responsible for an unlimited train of evils. To exalt it as the source of all benefits must encourage its worst features for evil. And so on for several chapters of sermonizing.

But why should greed be thus singled out for special condemnation? Why not use the same logic for other things. There is feeding humanity, for example, and think of the terrible evils and suffering from intemperance and gluttony. Are not these horrible to contemplate. Then, why not, with the same higher-life aspirations, argue against feeding in general, and demand a suppression of appetite with a view of getting rid of the meaner forms of gluttony. Is it advisable to give some attention to the wherewithal for feeding and how it shall be fed, or must we destroy cook books and essays on polite table manners, and



simply denounce appetite for food as a base passion, because it so often results in gluttony and drunkenness?

If we could re-create the world some of us could no doubt suggest many improvements, but the human animal is here in possession, and must work out his own destiny whatever it may be. The appetite for food is inherent in his nature, while with it and inseparable from it is the appetite or desire for other comforts that are shown to him. To suppress this would be to exterminate the race. The very best that can ever be hoped for by the higher-life aspirations is that these appetites or desires may be controlled by a due regard for the rights of others who have the same desires.

No one would praise gluttony, and yet the glutton may be a help to others. An aesthetic or soulful savage, for example, with appetite controlled, would kill less game, while the glutton with his greedy desire would kill more. But there are always the helpless dependents who cannot kill for themselves, but who must be fed. Which is the practical benefactor, the glutton who gorges himself but leaves the excess for the others, or the aesthetic one who provides less in accordance with his limited desires, and leaves nothing for the dependents?

The greed of commercialism wants wealth with all the comforts, luxuries and power it can procure. Some are veritable gluttons in their desires, and as the moralists say, they sacrifice all in the mad race for wealth. If they succeed they may gorge themselves with the luxuries, but they cannot consume all the good things. They must have associates for their

plans, and at every step there is the labor to be employed and paid for, so that for every commercial glutton there is an army of dependents who get a share of the results.

The church and the moralists generally condemn all this as a manifestation of greed, and say that it is better to be satisfied with less. The human animal, who reasons in his own crude way, notices that the moralist teachers are usually well fed and fairly comfortable, and so he has his doubts. He utterly fails to understand why, when the contest is open for all, he should not strive to the best of his ability for more of the rewards in the soul-destroying wealth.

In this view the moralist teachers are undoubtedly wrong. By attacking too much they lose their influence for good. Religion, morality, law and order and all the social forces have work enough in controlling the greed that is reckless of the rights of others, or that is ready to combine with jealous envy for destruction. If they would concentrate on this feature the influence would be for good, because the weaker would be protected, and the opportunities held open for all. The leaders who have ability enough to lead and get the results should be honored instead of condemned. The anathema should be reserved for those whose methods are clearly of the plundering order and with no evidence of a desire to benefit.

The socialists from onside and the moralist teachers from the other, unite in condemning the greedy spirit of commercialism which labors without ceasing for the better results. Both are willing enough to enjoy the benefits, but they say that the men who bring the

results should take less in a material way and be satisfied with honors for a reward. Commercialism insists in a practical view that nothing can come from human endeavor without a suitable incentive for action, and would like to know something definite as to the honors promised. The result generally is in accordance with the Irish soldier's view when he exclaimed: "What's the good of glory to a man when his wife's a widow?"

It has been cynically said that Christianity goes to the heathen with a Bible at the end of a bayonet. It is also said that the missionary with his Bible and the trader with his rum appear together landing from the same ship. There is a large element of truth in both sayings. The bayonet teaches regard for the rights of others, and the rum inspires the commercial instinct for the creation of wealth from the natural resources, by the labor of gathering, to exchange for the rum. The savage is of less good to humanity as a whole than the forest in which he hides, but the spirit of commercialism, even if it happens to be rum, makes him a wealth producer. He at once becomes an integral part of the whole, doing his share, small as it is, for the common good. The missionary protests against the rum and aims to save the souls. Commercialism says that the missionary's efforts will be wasted and he will go to make a cannibal feed unless the ideas of authority and greed for gain are inculcated. In the main the cynical commercial view is right, though there are occasional examples of missionary success which might argue to the contrary.

Nature, or the Almighty Power, supplied the earth

with the materials which man must have to use for his comfort and gratification. If certain materials are to be found in certain places, and these materials are desirable for the common good, it is manifestly an injury to the many millions to be prevented from obtaining the same by the savagery of a few hundreds occupying such places. The natural order would require that the savages be controlled, displaced or exterminated, if need be, for the common good. This is a cold-blooded, heartless view as compared with the missionary zeal, but is it not more reasonable, and more in accordance with all that we know of the Divine order?

Commercialism braves all the dangers of land and sea in search of products for the gratification of others, and expects profits from the trading if the dangers are overcome. All honor to the missionary and his self-sacrificing zeal, but he must be carried to his work by the ship or the conveyance that commercialism furnishes for the sole purpose of gain. No matter what the point of view, there is the overwhelming evidence of the benefits of commercialism, and the helpless dependency of all the so-called higher-life ideals, whether classed as educational or religious.

Why, then, should there be the malicious attacks on commercialism? The entire literary cult who pose as superior beings and sneer at the struggle for wealth, owe their education to commercialism, and must depend on commercialism to buy their literary products. With a few notable exceptions, the novel-writing non-producers invariably picture the successful business man or millionaire as a disgusting hog in all

his actions and ideas. The heroes of fiction scorn wealth with a blighting scorn, but all the same they must live, and they settle down "in happiness forever after" with wealth that some one else has provided.

From this class of bigots are recruited the socialistic reformers who are so sure that profits must be robbery, because they could never get any for themselves, and who demand a smashing and dividing up for the pretended benefit of the people of whom they are the important part. They know absolutely nothing of the simplest business details, but they assume to teach with an infallible, inspired authority for all industrial movements. Some of the malicious and villifying attacks from this class on important industries show a reckless greed for the pittance of profit from such sensationalism meaner and lower than anything to be found in the cheapest kind of commercialism.

Commercialism is naturally tolerant and broad-minded. In its hard struggle with competition it learns respect for the competitors, although in the smaller operations the envious jealousy is likely to crop out. The commercial spirit is constructive for more wealth or more benefit, and does not seek to murder and destroy. It was not the commercialism of Spain that expelled the Moors with their splendid industrial development, and it was not commercialism that maintained the Inquisition with all its horrors. The higher life or higher culture of the times was no less contemptuous in repressing commercialism, and at the same time continuing the religious wars and persecutions with all the savage ferocity of the dark ages. Commercialism always worked for peace and

development. Commercialism may have enough to answer for in its defects, but it can well challenge comparisons of the results with anything that can be claimed for the higher-life bigotry. Then as to real practical benefits, take all that was ever done by the superior educated classes and how pitifully ridiculous is the showing as compared to the one single factor of the development of steam power.

Education at its best can be nothing more than imparting a knowledge of principles that other individuals had previously discovered for themselves, and of the events chronicled as history from the actions of individuals whose work gave them the rank of distinctive heroes. This with some linguistic attainments makes up the sum of education, and there is no possible dispute about the value of the same.

No one appreciates higher education more than the intelligent business man who had no support for that purpose from commercialism in his younger days. No matter how great his success otherwise, it is the one point on which he is naturally sensitive. But while others were studying books concerning what rude and uncouth heroes had done in former days, he was making history as the heroic worker who solved problems that had long baffled others and won his place as a leader, accumulating his millions. The cheap dilettante novelist, from his perch, condemns such a man as lacking in refinement and having coarse ideals.

The military leader, in a brief campaign with everything supplied for his use, wins important victories and is loaded with honors, usually in proportion to

the destruction of life and property through his operations. The commercial leader with nothing supplied builds up his industry step by step, plans continuous campaigns with attack and defense, arranges and disciplines his forces, decides action or critical points, and fights through it all with more signal ability, energy and genius than is shown by most of the renowned military leaders of history. When he has accumulated a fortune and given a corresponding benefit to the community, there are no honors, but the fortune is taken as evidence of predatory methods and he is barred from association with the elect.

In all movements for progress in human affairs the leaders must be men who can think and act for themselves, without reference to history or traditions. The typical scholar, on the contrary, is taught reverence for such heroes of the past, but is horrified at proposed changes for the present, so that the new is always annoying. History as it is taught is a record of the operations of the military destroyers and plunderers, with occasional contemptuous references to the terrified peasants and tradesmen in abject submission to the conquerors. So the scholar is slow to believe that there can be anything of good in commercialism.

But through the long centuries of despotic control the producers, in the peasants and tradesmen, were learning that they were supporting and paying for all the glory of the military heroes, and slowly but surely they forced a recognition of their power. When commercialism was finally emancipated from the despotic control by giving freedom for corporations and associated effort, there was an opening for the men who

could make history as well as for the educated classes who studied history. The remarkable results are seen on every hand in the great engineering works, the grand building structures, the growth of cities with all the results of the developments of the past hundred years. The scholar is awed by what he reads of the conquests of an Alexander or a Cæsar (who were not the scholars of their day-), but he accepts modern conditions as a matter of course, and complains of defects, while giving no thought whatever to the brain power, the daring courage or the genius that worked out the results, for benefit, not destruction, in all the different lines. A few who brought out great inventions are duly recognized and commended, but the thousands of others who are adding improvements in a smaller way, but none the less valuable for the general progress, pass unnoticed in the ranks of commercialism greedy for gain.

To assume that the intelligence, the honor or the patriotic spirit of the men who accomplish such wonders are in any way inferior to anything in history, or to assume that the educated readers of history are necessarily superior to the men who have made and are making new records, is about as absurd a proposition as was ever presented to common sense.

Commercialism does not antagonize religion or religious teaching. There can be no progress without ideals to lead, and the Divine inspiration in some form comes to man to give the higher and better ideals to which he may aspire. Through the dark ages when civilization was only glimmering in Europe, the church and the clergy did wonderful work in teaching and



taming the savage hords. They preserved the acquired knowledge from former civilizations in literature and art, but more important than all was the work for commercialism in promoting industries for improving the material conditions of the people. The centers of learning were also the centers of industry and commerce.

Commercialism and religion work together for the common good, and in its larger freedom commercialism honors and generously supports the moral teachers and the church establishments. The smaller minds in religion now affect to sneer at commercialism, and some smaller minds on the other side have little regard for religious teaching. It is against these smaller minds that criticism or condemnation is directed for they are clearly obstacles to the real progress for all.

## CHAPTER XXII.

### REFORMS IN GOVERNMENT.

**Evils Charged to Commercialism and Weakness of Educated Classes—How the Ability of Millionaires Could be Utilized as Officials—The Socialist Alternative.**

As a general rule, for business or any social question, it is for the best interests of all that the best intelligence should control. So the world has looked to the educated classes for leadership, and in spite of defects, there has been a vast benefit for the whole. Despotism aimed to provide the best education for the ruling classes, and when officials are chosen by the people preference is usually given to those whose education promises best results.

Of course there has been progress in education, which is no longer limited to the ruling classes by hereditary right, and there is the desire for investigation for more knowledge. The best educators recognize the progress of events that make current history, and give due credit to the work of commercialism. But the weaker minds feel that with the great progress of commercialism they are losing their former authority, and are more or less influenced by jealousy, so that they are ready to make attacks and to discredit the ability and the achievements of the modern industrial leaders. The professional classes generally are in much the same position. By reason of their education they could maintain a superiority over the ordinary tradesman, but they are being forced to

admit that superiority in their particular lines does not mean that other ability in other lines may not be equally as valuable and worthy of due recognition both for financial results and social standing.

Now there is a feeling of alarm on the part of the non-wealth-producing, educated classes, formerly in acknowledged leadership, because of the growing power and importance of the commercial and industrial forces. There is a manifest disposition on the part of the politicians and non-producing professional classes to suppress commercialism with some of the old-time measures of death and confiscation. There is even the leaning to the socialistic theories of a return to the old ideas of absolute despotism to keep these upstarts in their proper places as the world's working cattle. It is intolerable that these men who have created vast wealth should be permitted to flaunt their gains in the faces of the non-producers, and there is a savage denunciation of the sordid greed of the commercial leaders which buys public officials and corrupts legislative bodies for its own base ends. So the greed of commercialism is held up as the agent of destruction for humanity, and millions of the unthinking rally, as they always do, when the appeal is made to their own greed or envy.

But who are the ones who sold themselves, and whine because they were tempted beyond their moral powers of resistance? They were certainly not commercial leaders, because the parable problem of the rich man entering the kingdom of Heaven would be child's play compared to the possibility of electing a successful business man or millionaire to any public

office, national, state or municipal. Were they not in every instance the superior non-producing classes who joined in condemning the wicked greed of the capitalistic robbers? This is not excusing or defending any specific wrong-doing by capitalists, but simply holding to the general principles.

Corruption is charged in connection with granting franchises for public transportation. But why do the capitalistic robbers want such franchises? Is it not because of their belief that the lines will be of such service to the public that the profits from the service will bring fortunes? Which is the important feature, the service or the profits? Then legislative bodies make certain demands for payment before they will grant the franchise. Leaving out the question as to whether the municipality or the state should get more or less, or whether the capitalistic profits should be limited more or less, there is the vastly more important feature as to whether or not the public should have the service they are anxious to use and pay for?

Capitalists foresee the benefits to the public or they would not risk the investment for the service. Who is the public benefactor or the public enemy, the capitalist who pays the blackmail demanded, or the blackmailer who would prevent the opening of the line for the public benefit?

The crowning absurdity of the present situation with the grand onslaught against the evils of the corrupting greed of commercialism, however, is the pretense that in some way it is an entirely new development in human affairs. The educated classes are supposed to know something of history, and of the

doings of despotic governments when commercialism was not given much of a chance, and the superior beings controlled all. Do the records show anything of corruption or not? Is there anything in modern times to compare with the chartered companies, or the royal monopolies that were authorized to plunder the producers without limit, as long as they divided with the rulers? The bigoted policy of such concerns, moreover, suppressed all improvements that would give more wealth creation and more benefit, but was content to confiscate what others had produced.

Everyone with intelligence enough to read history and honestly note current changes must know that although commercial leaders are practically barred out, yet the influence of commercialism in showing better methods and better systems, with reduced expenses and better accounting, has forced changes for the better in all departments of the public service. In the national and all the state legislatures, as well as the municipalities, positive charges of corruption are exceptional enough to be treated as newspaper sensations, while years ago such charges were too common for special notice.

If we assume that government machinery is defective to any extent that may be charged, what would common sense suggest as the remedy?

At present all government is in the hands, practically, of the non-producing, professional, educated classes of various kinds and conditions. They are accordingly reckless in the matter of expenses or cost. Then these classes have developed little of progress in their own special lines for the past hun-

dred years, excepting possibly the notable discoveries in medical science. As rulers they are conceded to be woefully lacking.

Now what of commercialism and the greed of the capitalistic robbers representing all the wealth production and the great working force of the people? They have shown results in their lines that are amazing as compared with one hundred years ago. They have given wonderful results in organizing and co-operative effort, all the way from factories to great establishments for manufacturing and merchandizing, then the wonderful details systematized in the transportation lines, and, finally, the larger corporate organizations of the trust nature, embracing the larger portion of some of the leading industries. Whether they rob or not, and whether the fortunes are too big or not, the leaders in these movements must be credited with an executive ability and a practical judgment for control, as well as an intelligent direction for getting results, away beyond anything ever before known or thought possible. Would such men be competent for executive management of ordinary city, state or national affairs, or would their judgment be worth considering for legislation?

The non-producing professionals, from their superior, higher-life point of view, say that although these men have shown a kind of ability, yet they are still nothing but traders, having no higher ideals of philanthropy or soul culture. They are also wicked robbers whose whole aim in life is extortion with ruin and slavery for the people.

Of course, with a nation of slaves there would not

be many big fortunes accumulated from profits on the sale of products, but let that pass as one of the higher-life-business ideals, and take another view.

If the capitalistic robbers now offer such bribes to legislators and officials that the high-minded souls cannot resist, why not try the old remedy of setting a thief to catch a thief? Put a few of the capitalistic thieves in official positions and enjoy the contest with the bribing thieves. The commercialist officials would at least know the value of the favors wanted, and exact a good price for the same, while it is a source of sorrow for so many of the high-minded ones that they sold out too cheap. If there was no profit in bribery, the greed of commercialism would cease to bribe. There is the complete answer, as the professors would say: *Quod erat demonstrandum* or "which was to be demonstrated."

Is the world not old enough or have people not had experience enough to realize the stupendous folly of the continued attacks on the spirit of commercialism to which alone they owe everything in life worth having? Why combine the conceit of the literary class with the jealous envy of the more ignorant to condemn and thwart, as far as possible, the progress coming from the common sense of commercialism?

Why not give some of the millionaires a chance as officials? They cannot well be much worse than some of the present poor but honest (?) incumbents, and they might be a great improvement. Some of our cities are having a lucid interval in this particular, and are having their affairs administered by a system equivalent to that of a capitalistic trust corporation.

We have had experience with despotism in the past, and with an approximate to mob-rule in the present in some localities. Now why not try some commercialist, business methods in a common-sense business way to please the great majority of the people?

The socialist alternative offered is substantially to place all the wealth in the control of the government officials, and having all they could not well be bribed with offers of more that did not exist. This would be a complete logical remedy for the bribery feature, sure enough, if the public would like the remedy at that price. If there is an objection to the domineering of the greedy capitalists who now control portions of the wealth, what could be expected from the officials who would control it all? For those who could manage to get the official positions, it might be satisfactory enough, but there must be limits to the number of office holders, even with the enormous powers of the socialistic government. The great majority or common workers on an equality basis would have to take so much as was considered good for them.

It is safe to say that the great majority would prefer to retain the present system even with some bribery attachments rather than risk such a change.

Ever since human beings began to associate for co-operative effort, the general intelligence and common sense has recognized the value of the work of the leaders who proved exceptional ability in any particular line. There are hundreds of homely proverbs concerning the results from the eye of the master or his influence in getting the results from



the workers. The successful men, though often envied and attacked, have, none the less, been honored for what they have accomplished. The men who amassed wealth were credited with ability in proportion, even if it was of the robber variety, and the men who retained wealth were credited with judgment for avoiding the blunders that would dissipate it. In all communities the rich men are appealed to for advice on business matters, and they are asked to take the lead in any measures for the common good.

But now comes the new propaganda, the higher idea, and the new dispensation, which holds that all this is radically and preposterously wrong. The wealth creators, it is now asserted, are the workers who obey the orders, and not the leaders who plan and direct. A brood of reformers insist, in effect, that labor manages itself and knows best what to do. The present leaders or directors are interlopers who interfere and should be thrown out. Instead of success being accepted as any evidence of ability, it is assumed that the successful ones are in fact the cheapest kind of ignorant, low-down thieves who rob labor.

In short, we are commanded to believe that through all centuries of progress in the past the industrial world has been standing on its head. There were great minds in the past who left enduring records for the future to admire, but they could not see or understand the abnormal conditions which are so clear to the X-ray vision of the modern reformers.

When the people of England took the ruling power into their own hands as the people of the American

colonies did about the same time, commercialism was the moving force and was duly honored in the councils. Since then the British government has made the commercial and industrial interests paramount in all legislation, and the same was true in the United States. It is only within recent years that there has been developed in both countries the pretended fear of the power of commercialism. Sensational newspapers eager to incite the mob (for profit), and professional politicians as office seekers, who never engaged in any other gainful occupation, have joined in trembling for the liberties of the people. If industries are attacked with threats of confiscation, and delegations come to make fair-minded protests there are shrieks of alarm lest the professional patriots should be tempted to a point where they feel they must surely succumb.

Then there is the awful threat that commercialism is aiming to control politics and dominate the government. Commercialism including industry is the bread-winner, the life-giver and the vital principle of the nation, representing all there is of wealth production and progress for the benefit of humanity. What a disaster it would be if parasitic professional office-holders were dominated or even replaced by commercial leaders of proved ability. Rather than such a calamity, the politicians, the professional classes (to some extent) and the moralists, who would suppress greed for gain, as well as the literary shining lights will unite for a revolution. They will incite the mob by the glittering and meaningless promises of socialism to restore the despotic idea of government by the

sword for the benefit of the Lord's annointed aristocrats and the suppression of the upstart individuals coming from the ranks of plebeian commercialism.

There is no way of estimating the vagaries of the human element or to what extent the majority can be stampeded. Both the British and the American people, as well as other nationalities considered more easily excitable, have passed through trying times, and have paid tremendous penalties for blundering policies adopted. But through all there has been the saving element of common sense which asserts itself to rectify the mistakes and displace the brilliant dreamers by the hard-headed plodders who make surer if slower progress in accomplishing positive results for the welfare of the people. The mob may destroy, but re-building and progress can come only from the best intelligence which must dominate and control for the common good.

The last word of the socialistic reform idea is the high official demand that the control of business corporations must be placed in the hands of the executive department of the government. The judicial and legislative branches are condemned off-hand as utterly incompetent to exercise any supervision because they believe, in their blindness, that all should be treated alike with an equal measure of justice for all. The new principle is promulgated that "the burden of proof should be on them [the great and wealthy combinations] to show that they have a right to exist," to the satisfaction of the executive authority or some of the officials in charge. In other words, the leaders of industrial enterprise and wealth production who

have proved their ability sufficiently to be given a larger control are condemned in advance as criminals, but are to have the privilege of being asked what they have to say for themselves before sentence is pronounced. The mass of the people who buy the products at the terms offered, and so make the wealthy combinations possible, as well as the smaller number who figure as stock-holding investors, are silly children who must be restrained and regulated by the non-producing, parasitic officials who will do all the guiding and managing.

The old-time despots of history claimed exactly the same superior wisdom by their Divine Right, and exercised the same authority for regulating business affairs. But the worst of them were never so openly insulting to the intelligence of their subjects, and always made a pretense at least of giving a hearing and a fair trial for any specific charges presented. There was always something of the *noblesse oblige* in the old-time Lord's anointed despots that gave a certain grace to their plundering, and they respected some formalities. The modern style of superior would-be despots scorn all restraint, and will be satisfied with nothing less than reckless, rampant destruction for all that they see fit to condemn.

These views are not confined to one set of politicians, and the war on industrial leaders is declared in a general way in the different party platforms. Wickedness and depravity are assumed, and laws are demanded for suppression. But as laws must be general in their terms, no line can be drawn, and the injury or smashing comes to the smallest as well as

the largest. With a lofty indifference to the facts and conditions of ordinary, sordid business affairs, the high-minded rulers formulate the remedies to please the popular clamor, thereby wrecking instead of promoting the movements for the general welfare.

How long will the wealth producers and commercial leaders continue to contribute for this kind of political leadership, and how long will the workers who must pay for it all continue to uphold such demagogry and make it profitable? With the leaders smashed, what are the possibilities for the rank and file of the producing army?

If the higher life theorists, the socialistic dreamers, and all the other reforming faddists are not satisfied with the results that humanity has developed so far, and want to test their new systems, why do they not take themselves to some of the beautiful isles of the sea, where robbers will not rob, wealth will not annoy, greed be unknown, and coarse natures will not shock cultured serenity? There with the brightest galaxy of intellect presiding over white-souled perfection, why sigh for the joys of a heavenly hereafter?

They might send an occasional message descriptive of their bliss, but there would be no serious complaint if they remained:

"The world-forgotten  
And by the world forgot."

## CHAPTER XXIII.

### AN ADDENDUM.

**The Head Devil of All and His Depravity—Heroes of History and of Commercialism and Their Achievements—Character of the Opposition—Comedy or Tragedy.**

No consideration of an economic question could be complete without some direct reference to the head devil, the typical arch enemy and threatened destroyer of the liberties of the people, so fiercely attacked and denounced, meaning, of course, the Standard Oil Combination. What would be a common-sense view of its depravity?

History is largely a record of wars for conquest with slaughter, devastation and destruction for the conquered. Education studies history and exalts the conquering heroes as exemplars of the highest human achievement.

Individuals like Rockefeller take up the inglorious work of commercialism and develop inventions from materials that were for the most part going to waste, or new business methods which give the results in the increased wealth production for the world.

From an obscure operator working in open competition with hundreds of others and with no special advantages, Rockefeller advances in thirty years to the head of the great organization which commands the attention of the world. He and his associates develop new ideas in transportation by tank cars, pipe lines and tank cargo steamers which are essentially

inventions for the creation of wealth. They also originate plans for combination and co-operation for better results in wealth production, the economic merits of which are so apparent that the plans are adopted by other industries in this and other countries. The army of employes and their dependents number more than the population of many quite important nations. The value of the product exceeds the total wealth of many such nations and the business operations cover all the civilized world wherever light is wanted.

Who were the victims of this conqueror?

Well, at the worst that can be charged they were some dozen competitors who were pushed aside in the early stages of the contest. For the workers as employes and the people of the world as consumers there were only benefits and more benefits multiplied in the higher wages and remarkable reduction in cost of the products.

Is there any evidence of commanding ability or brilliant genius in such achievements or not? What can any or all of the conquering heroes that history glorifies show in comparison of benefit for humanity?

If it is said that Rockefeller in his business dealings with competitors has not been as lady-like as he should have been in the opinions of the critics, how will he compare in this particular with the personal character and actions of the glorified conquering heroes of history?

What is true of Rockefeller and the Standard Oil Corporation is equally true, in a lesser degree only, of the leaders and combinations in other industries where

conspicuous fortunes are the index of results accomplished for larger wealth production. How absurd and trifling it is to go into spasms about the profits or the fortunes while ignoring the grander values and benefits of the production.

But educated higher-life culture continues to worship the conquering heroes of history with all their black records of crime, and has nothing but sneers and spite for the vastly more important achievements of the heroes of commercialism who are set down as mere money grubbing, ignorant and uncultured traders.

What will be the verdict of saner historians in the future?

The great fortunes of the Standard Oil combination and other industrial concerns are positive proof of the enormous volume of wealth created and distributed. Any squint-eyed views of the profits, while ignoring the greater value of the business itself, are puerile and nonsensical.

How does the progress with the industrial conditions of the United States in recent years compare with that of other nations of the earth where there are no Rockefellers, no Carnegies, no plundering railroad magnates and no other trust robbers?

Why the flood of immigration coming here to be robbed?

Then note what can be done in the way of a change in one short year by the misdirected zeal of a reformer in official position who assumes despotic authority for regulating and repressing all business operations that his wisdom sees fit to condemn.



And all the high-minded professional politicians applaud!

No one will charge that officials or politicians deliberately intended to bring about panic conditions. They were, no doubt, influenced by an earnest desire to correct certain evils. But results follow from causes.

If the physician does not understand the case, the patient must suffer from the effects of the wrong medicines administered, when grave complications might be avoided by common-sense, home treatment without the drastic remedies.

There is derision for the jackass that hesitated between two bales of hay until he starved to death, but what must be thought of other jackasses who affect a scorn for all hay, and kick viciously at the providers of the same?

Will the superior wisdom of the non-producing rulers provide employment and earnings with more progress for the workers when the present leaders are killed off and the greed of commercialism is suppressed?

The climbing progress to better conditions is slow and arduous, but easy and swift is the descent to the lower levels of stupid despotism and animal savagery.

Literary soldiers of fortune, ready to sell their services for either attack or defense, are specially venomous and vindictive when their efforts are not appreciated. Professional politicians who must be supported as office-holders and expect perquisites, are equally venomous when the temptations are not forthcoming. These with others, fanatical believers and envious incompetents, unite in trembling for the

liberties of the people from the increased flood of wealth production that the capitalistic robbers are developing. With the aid of the mob whose passions are being cleverly worked up, they will aim to suppress commercialism or at least to scare the leaders for more liberal blackmail contributions.

But will the mob frenzy be restrained?

Will it be comedy or tragedy?

Is it to laugh or to meet threatening danger?

Do you want a change?

What change do you want?

Will you join with the destroyers?

Will you keep in line for more progress?

Think it over a little.

Prove all things and

hold fast to that which is good.











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